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SERVICE DOMINANT LOGIC/ CUSTOMER EXPERIENCE AND VALUE CO-CREATION

66. CAPTURING SERVICE BRAND ENGAGEMENT: CONCEPTUALIZATION, SCALE DEVELOPMENT & VALIDATION

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Purpose: Despite significant practitioner interest, scholarly inquiry into ‘engagement’ has lagged behind in the service literature (Brodie et al. 2011); resulting in a limited understanding of the concept and its measurement to date. This paper addresses this gap by developing a brand engagement (BE) scale embedded in a service-dominant (S-D) logic perspective, which exhibits conceptual distinctiveness from Sprott et al.’s (2009) and Calder et al.’s (2009) engagement-based concepts; thus providing novel insights into consumers’ brand-related engagement dynamics.

Methodology/approach: Based on a literature review and qualitative research, we conceptualize BE as “a consumer’s positively valenced, brand-related cognitive, emotional and behavioral activity during service brand interactions.” Employing exploratory/confirmatory factor analyses, we develop a reliable, 10-item BE scale (studies 2-3). Using structural equation modeling, we validate the BE scale in a nomological net of theoretical relationships (study 4).

Findings: We derive the BE dimensions of cognitive processing, affection, and activation, and develop a BE scale (studies 1-3). Next, we identify consumer involvement to represent a BE antecedent; while consumer self-brand connection and brand equity are found to be key BE consequences (study 4).

Research limitations/implications: The findings directly respond to Brodie et al.’s (2011) call for further engagement-based scale development research. Scholars may wish to deploy the present findings as a platform for future service research seeking to further validate, apply or extend this paper.

Practical implications: We provide useful insights for managers seeking to enhance their understanding of consumers’ engagement-related dynamics; e.g. managers may adopt the proposed BE scale to glean insights into consumers’ BE dynamics for specific service offerings.

Originality/value: Presenting four BE scale development studies; this paper responds directly to the call for further work in this emerging area (MSI 2010). We also demonstrate the ways in which BE differs, conceptually, from other engagement-based constructs (e.g. Calder et al. 2009).

67. THE ROLE OF SERVICE SYSTEMS IN EXECUTING SERVICE EXPERIENCES STRATEGIES – A CRITICAL EXAMINATION

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Purpose of this paper

Service systems enable value propositions based on creating favorable customer service experiences and business value. Value is experiential, individual, contextual, and meaning-laden. Scholars posit that companies must (a) propose a value proposition based on customers value perceptions, (b) align service systems with these value perceptions, and (c) incorporate customers as a resource to co-create value. In order to empirically test these propositions we examine service experience (hereafter SX) strategies and service systems from a firm's viewpoint. Results suggest experience strategies and their value propositions are connected through service systems. Our findings reveal that a revenue dimension always and exclusively drives the firm's SX strategy and subsequent practice. Despite sparse quantifiable evidence, firms believe that competitive value creation lead to loyal and profitable customer relations. Our study highlights and discusses in detail why, contrary to the current view, firms display goods-dominant rather than service-dominant logic SX strategies, eliminating customers from any potential co-creation process. We explore the obstacles and missing pieces to execute SD Logic-driven strategies and introduce a corresponding conceptual framework titled Service Experience Strategy Loop (SXSL). SXSL embeds value co-creation into the firm's SX strategy linking it to profitability. We demonstrate the implementation and corresponding results of our framework with an illustrative case study.

Design/methodology/approach

To develop a conceptual framework for the role of service systems in service companies executing a SX strategy or SX management program, we created an interview protocol to articulate the meaning and domain of strategies and service systems (Coviello et al. 2002). We examined these topics through interviews with a representative sample of managers responsible for SX strategy or SX management programs across Silvestro et al.'s (1992) validated service classification scheme. We selected managers based on three criteria: (a) employed with the company at least since the introduction of a SX program and for at least three years, (b) involved with the SX program's creation and introduction, and (c) being responsible for current SX management and program development. The interviewees' companies' headquarters are located in countries demonstrating service-economy orientations such as the United States, Canada, England, Finland, Sweden, Italy, Germany, Luxembourg, and Spain (World Bank 2009) (see Appendix A).

We achieved data saturation (Glaser and Strauss 1967) after conducting in-depth interviews with SX managers from 22 service companies, each lasting between 30 and 90 minutes, exceeding the evidence-based recommendation of 12 interviews (Guest, Bunce, and Johnson 2006). We conducted the interviews face-to-face in English following a standardized, open-ended format, capturing in-depth data based on perceptions of subjects on the inside. We transcribed and coded the interviews with the support of NVivo 8.0 (Di Gregorio 2000). Coding followed the for the context of our study recommended grounded approach described by Ryan and Bernard (2003), which draws heavily from Strauss and Corbin (1990). We incorporated systemic, constant line-by-line comparison and hierarchical coding exploring repetitions, similarities, and differences to ensure we observed and explored all data thoroughly. To maximize content and face validity, a panel of expert judges reviewed the dimensions using Emerging Consensus Technique 'ECT' (Klaus 2013).

Findings

Table 1 represents the findings of our study, highlighting managers' description of current service experience strategies, management practices and the role of service systems in implementing and executing the corresponding service experience programs.

Dimension	Description	Description and label of sub-dimension	Attributes/items based upon reports/quotes, and references stating...
Value Propositions/Intended Value Co-Creation	References to definitions and reports of value propositions and/or intended actions to co-create value based on either the company's or customers perceptions of value	References to definitions and reports of value propositions and/or intended actions to co-create value based on the company's perceptions of value	A connection to revenues and profits via <ul style="list-style-type: none"> - customer satisfaction - positive recommendations (WOM) - customer loyalty - service quality
		References to definitions and reports of value propositions and/or intended actions to co-create value based on the customers' perceptions of value	A connection to receiving a good customer experience leading to/or based upon an increase in <ul style="list-style-type: none"> - satisfaction - quality of service received - recommendations (WOM) - loyalty
Alignment between service systems and value perception	References to definitions and reports of service systems reflecting the company's value perception	References to the company's internal service systems (GDL)	The importance of service delivery through <ul style="list-style-type: none"> - back-office integration - personnel (in particular references to recruitment, training, and reward structures)
		References to the company's external service systems (GDL)	The increasing importance of services connected to, but not delivered by the service company, in particular <ul style="list-style-type: none"> - outsourced services - other fulfiller of the company promises, referred to as the CE supply chain
Incorporate customers as a resource to co-create value	Evidence and references to the company's aim to integrate customers as a resource in the value creation process	Indirect evidence of customer value creation integration	Hypothesizing that a good customer experience will lead to an increase in customer satisfaction and loyalty . Subsequently positing customers as source for <ul style="list-style-type: none"> - recommendation - leading to the belief of an increase in revenues and profits

Discussion

Our data reveals that components of what scholars determine to be SD logical thinking are missing from the companies' SX strategies we investigated. We examine a focus on favorable customer outcomes, emphasizing the company's strategic viewpoint that customers search for favorable experiences and are prepared to pay for them. Results suggest SX strategies and value propositions share common ground, and service systems permit links among them. A revenue dimension grounded in the assumption that competitive value creation results in loyal and profitable customer relationships drives this practice. Hard evidence for the existence of this link from the companies we surveyed is sparse.

Based on the inductive approach of this study, we establish our data as an expression of a goods-dominant mindset (Vargo and Lusch 2006). In particular, the data highlight (a) a focus on products rather than experiences due to a lack of conceptualization and definition; (b) reports of how organizations add value for, rather than co-create with, customers; (c) practices centered on profit maximization rather than financial feedback and learning; and (d) offerings are brought to market rather than to market with (Lusch and Vargo 2006). We conclude that a GDL rather than a SDL mindset functions as a basis for SX strategy development and the aligned service systems we investigated. Our analysis reveals little evidence of what—from a SDL viewpoint—research considers efficient SX strategies and service systems supporting them (Lusch et al. 2007).

We discuss extensively why we didn't find any evidence for a SDL mindset. Based upon this critical analysis of which motivations, opportunities and abilities are missing in order for organizations to adapt a SDL mindset, we offer a corresponding framework to overcome these obstacles. Researchers (Hakanen and Jaakkola 2012; Payne et al. 2008) state a lack of frameworks guiding companies in developing value propositions and service systems to incorporate the customer as a resource to co-create value. We posit a framework addressing this need by highlighting the role of service systems to enable the strategic realization of value propositions, focusing on delivery of favorable SX. Our framework titled Service Experience Strategy Loop (SXSL) demonstrates how companies (a) create value propositions based on customer perceptions of value, (b) align service systems with value perceptions, and (c) incorporate customers as resources to co-create value and assist them in delivering SX strategy (Figure 1).

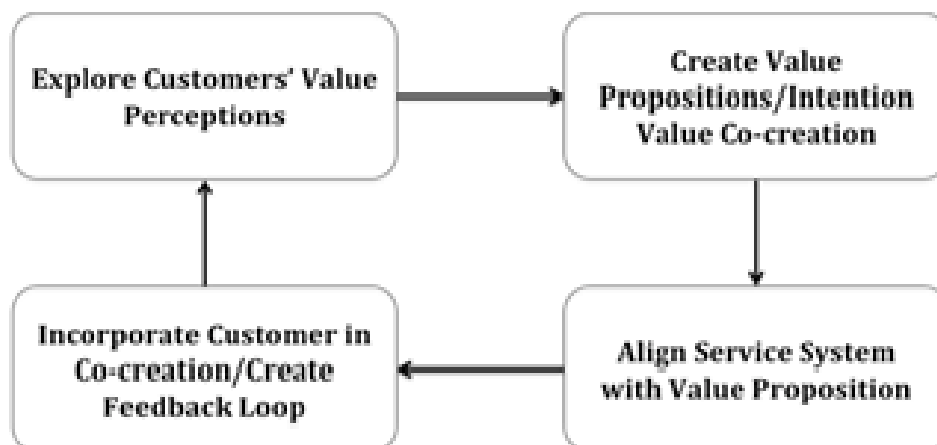


Figure 1 Customer Experience Strategy Loop (CXSL)

Practical implications

We illustrate the effectiveness of our framework with the case of Banca di Popolare di Bari, an Italian bank implementing a service experience strategy based upon the SXSL. The framework triggered the reorganization of all customer interactions across all organizational functions in order to demonstrate the importance of co-creation to deliver valued and profitable co-creation platforms with their customers. As a result of implementing the framework, the bank started developing a service experience strategy that a. focuses on the service experience as a continuum rather than separate single

episodes (Klaus et al. forthcoming), b. customizes experiences based upon their customers individual perceptions, c. integrates and aligns all organizational units and service systems to deliver valued service experiences, and d. constantly explores together with the customer the impact of the strategy. According to the bank's managers, their new service experience program led to an increase in relevant, performance-related scores and evaluations, delivering a clear link between the SX program and firm performance.

What is original/value of paper?

Scholars posit service experience management and service experience strategy as a very important area of research; one in which "practice" is in many ways ahead of "academia." Our research aims bridge this gap between scholarship and practice, bringing a scholarly lens to bear on the new insights of service experience practice. Rather than simply just developing a framework capable of developing the crucial insight to connect a service-dominant logic emphasis to strategy and management practices, we validated the impact and applicability of our framework in an illustrative case study. This is, to our knowledge, the first empirical study demonstrating the impact of applying a co-creation service experience strategy to firm performance.

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Appendix - Sample profile

Title	Sector	Company Headquarters
Head of Customer Experience	Financial Services	Germany
Global Loyalty Manager Retail	Retail	England
Head of Marketing	Telecommunication	Spain
COO Marketing	Financial Services	England
VP Customer Experience	Financial Services	Sweden
Chief Marketing Officer	Financial Services	England
Head of Customer Experience	Management Consultancy	United States
Customer Experience Officer	Professional Services	England
Quality Control Director	Airline/Transport	Spain
Head of Marketing	Accommodation & Food	Sweden
VP Customer Experience	Transport	Italy
Head of Customer Experience	IT	Luxembourg
CEO	Construction	England
Head of Customer Experience	Recreation	United States
Head of Customer Experiences	Accommodation & Food	Finland
Chief Customer Officer	Management Consultancy	United States
Customer Experience Director	Telecommunication	Spain
Senior Director Customer Experience	Retail	United States
Head of Service Management	Telecommunication	Sweden
VP Strategic Marketing	Transport	Canada
CEO	Professional Services	United States
Customer Strategy Director	Travel	Germany

73. IPTV AS AN ENGAGEMENT PLATFORM: CUSTOMER ACCEPTANCE AND PARTICIPATION

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Purpose: The importance of ICTs in service has been identified as a top research priority, especially their potential for “driving customer/service collaboration” (CSL Business Report 2010, p.15). In this context, virtual engagement platforms can be defined as touch points that permit collaboration between different actors to co-create value, since they foster interactions and experience personalization (Breidbach et al. 2013; Malthouse and Hofacker 2010; Ramaswamy 2011). The main objective of the present study is to analyze the potential of IP television (IPTV) as a virtual engagement and purchase platform for the customer. Building on the technology acceptance model (TAM) and the engagement platforms literature, we propose the importance of the platform’s cues to encourage the customer’s acceptance of IPTV and test the effect of these cues on the perceptions of usefulness, ease of use and enjoyment. In addition to that, we consider the influence of cues on the customer purchase and participatory behavior, i.e. intentions to participate, purchase intentions and WOM.

Design/methodology/approach: Through a 2x2 between-subjects factorial design, we analyze the influence of personalization and C2C interactions-related cues on the customers’ acceptance of IPTV as well as on their purchase and participation behavior. MANOVA and SEM analyses were used.

Findings: Our findings demonstrate the importance of the presence of both types of cues to increase perceived ease of use, usefulness and enjoyment. Moreover, personalization-related cues promote the customer’s participation intentions, while the interaction of both cues increases purchase intentions and WOM.

Originality/value: This paper contributes to the understanding of IPTV as an engagement platform and its potential to foster customers’ active collaboration. We address the role of the platform’s cues to foster the customer acceptance on the one hand, and to motivate customer participation on the other, through the lenses of the engagement platform concept, offering insights about how its cues affect customer behavior.

89. THREE DIMENTION MODEL OF VALUE CO-CREATION

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Purpose: It has widely been recognized that value co-creation is becoming the key concept of service management. Many case studies have been written about successful companies, and researches have

been done into the structure of value co-creation. Unfortunately, due to its complexity, no reliable indicator and structural model of it have yet been created. The purpose of this paper is to propose a conceptual model for accelerating value co-creation in financial industries with BtoB customers. BtoB financial service should have the perspective of long-term relationship with its customers. This model should be useful for guiding long-term company strategy or setting short-term targets.

Methodology: For this purpose, we review the existing literature on service marketing, service management, organization behavior and consumer behavior including S-D logic, CLV, and service triangle. We also conduct the exploratory survey of customers and employees in three financial institutions. We discussed a model for the co-created value and its measurement, practical effects and issues in measurement.

Findings: We classify co-created value into 12 types on three axes. The first axis classifies the type of value: monetary value, knowledge value, or emotional value. The second axis is the cost-benefit axis: increasing benefit or decreasing cost of stakeholders. The third axis indicates either short- or long-term effects.

Originality and limitations: For value co-creation model, the balance between customer and company has been discussed (Gummesson, 2008). We proposed a balance-based value co-creation model among company, customer, employee and society. The model showed that co-creation could be more sustainable by maintaining balance between each stakeholder in the service triangle than by competing with each other. The primary limitation of this paper is that the model is conceptual: quantitative verification would improve the model.

91. AN EXPLORATORY APPROACH TO LINKS BETWEEN CUSTOMER RELATIONSHIP MANAGEMENT AND SERVITIZATION PROCESSES IN INDUSTRIAL COMPANIES

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INTRODUCTION

Vandermerwe and Rada (1988) describe servitization as the process by which a manufacturer creates value by adding services to its products. Fundamentally, this “service” orientation expresses the need for a change in the company’s relationship with business market, often referred to in marketing literature as the change from a transactional approach, based on the exchange of goods, to a relational approach, based on commitment, collaboration and even the co-creation of value in the relationship with the customer (Vargo and Lusch, 2004).

In line with these works, we hypothesize that the transition between product-centric service proposals and customer-centric service proposals involves strategic operational changes in the way the company manages its relationships with its customers. The links between the servitization process and customer relationship management in industrial companies are analyzed by means of a survey conducted among 337 companies.

THEORITICAL FRAMEWORK

Models of Customer Relationship Management in a servitization context

Customer relationship management (CRM) is classically presented as encompassing three levels of operationalization (Peelen, et al., 2006). The first level of operationalization, the upper level, corresponds to the definition of a true customer orientated strategy, including a long-term view of exchanges with the customer and the transition from the management of products to the management of customers (“product management to customer management”). The second level of operationalization includes CRM practices, detailed relational segmentation practices, focusing on satisfaction and loyalty issues and consolidating and extending customer relationships. This marketing vision is complemented by an approach centered on “information systems” which places emphasis on CRM tools. The third level of operationalization includes the definition of processes allowing for the collection and analysis of customer information, and the use of technological tools. It thus links in with the client interface to produce the service.

In the context of this study, we propose a model of CRM practices in a servitization context based on the first two levels of CRM, the third level being subsumed into the model of servitization processes. In regards to the first level, we base our work on the three dimensions proposed by Ramani and Kumar (2008) to describe the interactional orientation of an organization : (i) customer concept, (ii) customer knowledge, and (iii) customer empowerment. The second level addresses the internal management of the customer relationship and addresses different components of employee management which can encourage employees to invest in the company’s relationship with the customer. To attain high levels of service, a strong climate of empowerment can be favorable to this goal as it allows greater autonomy and an increased sense of responsibility (Nauman et al., 2010). Some authors have also emphasized the role of the remuneration system (Ramanu and Kumar, 2008). Finally, Jaworski and Kholi (1993) make particular note of the role of motivational systems in employees’ customer-focussed orientation. These three dimensions are used to analyze the internal management of customer relationships.

Organizational implications of the sertivization process

The « target market-service concept-service delivery system » triad is a commonly referenced in the literature on service operation management (Roth and Menor, 2003). On this view, the performance of the service experience (the meeting point between the customer and the service) is a result of the coherence of the choices of target market, service proposal (service concept) and service delivery system. Applied to an industrial business with an active servitization strategy, this model leads us to identify choices relating to the nature of the combined product-service proposal (§2.2.1) and the operational service system (§2.2.2)

Service concept and the degree of maturity of the servitization process

From the concept of « servitization », Vandermerwe and Rada (1988) develop the idea of a continuum between manufacturing companies -simply producers of goods - and manufacturing companies producing only services, with numerous combinations of products and services between these two extremes. This product-service continuum is the basis for the classification of service strategies for manufacturing companies. Notably, it demonstrates an increased involvement in the customer value chain (Figure 1).

Independently of the servitization trend, literature on the management of service and production operations has developed the PSS concept (product, service, system)(Mont, 2002). This concept is clearly part of a motivation for sustainable development and functional economies : surpassing the combined proposal of products and services by promoting the adoption of business models in which the value proposition is based on the use of a product (leasing, renting, sharing or pooling of the product) or the proposal of a result-based service (e.g. payment based on units of service used). Tukker’s (2004) model compliments the preceding product-service continuum by emphasizing the change from the sale of products with associated services to a model where there is no longer any cession of proprietary rights.

In the context of the present study, we propose linking the continuums proposed by Gebauer et al (2010) and Tukker (2004) by considering three types of service concept (CS) for industrial companies with active servitization strategies : 1. « Added service » type, which correspond to a product-oriented

proposal with associated after-sales activities and services which augment the product proposal ; (2) “Reconfiguration” type, where the service is linked to a product sold to the customer and this product leads to a change in the customer value chain (subcontracting proposals or R&D activities) ; (3) “PSS” type, where the service is a usage-oriented PSS or a result-oriented PSS.

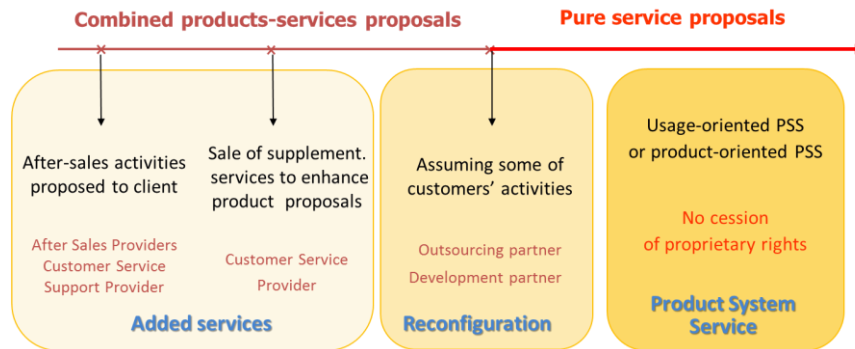


Figure 1: Service Concept (SC) strategies

Modelling an operational service system in a servitization context

Engaging in servitization is a process of innovation, either in the development of the service proposal or in the management of the delivery of the service (Baines et al, 2009). The Service Innovation Model proposed by Den Hertog (2000) allows for servitization to be seen as changing at least one of the following dimensions : the service concept, the customer interface and the service delivery system. The SC (service concept), defined above, is not part of the operational system. The Customer Interface (CI) and Service Delivery System (SDS) dimensions are, however, at the heart of the operational service system and are linked to several dimensions.

Furthermore, the transition from a proposal of product alone to a proposal of combined products and services is strongly influenced by the company’s choice of the business culture and HRM culture (Gebauer et al., 2010). Den Hertog (2000) notably insists on the roles played by the empowerment of employees as well as the improvement of their professional and relational competencies in the development of new services. Taking their importance into account, we consider them to be a separate dimension of the operational service system, rather than being a mere part of the Service Delivery System (SDS). The construct WE (working environment) takes these HRM factors (business culture, employee empowerment, etc) into account.

The Research model

The research model aims to identify existing links between HRM practices used by SMBs and the extent of the SMB’s engagement in a servitization process (cf. Figure 2).

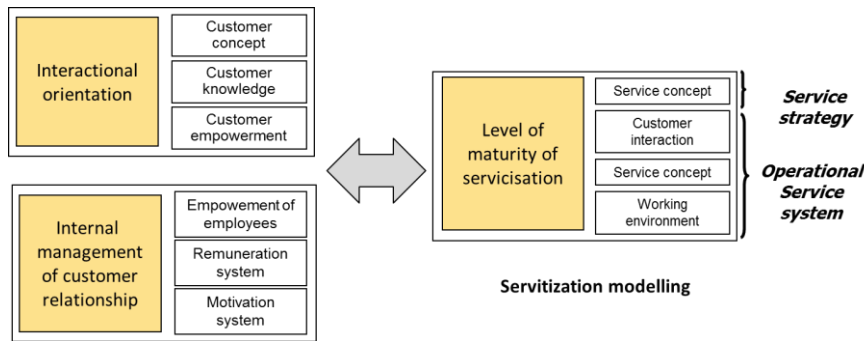


Figure 2 : Research model

METHOD

Data were gathered from a survey carried out in face to face. The non-representative but diversified sample included 337 SMBs. These companies were of modest sizes (39% have less than 10 employees and 50% have between 10 and 49). 14% have sales figures between € 500,000 and €1 million and 47% between €1 million and €5 million. We focussed on companies proposing either a combination of products and services where manufactured products dominated or where products were simply billed (respectively 41% and 29% of our sample). Measuring scales were developed from the literature.

RESULTS AND DISCUSSION

Initially, the results showed no direct link between CRM practices and the level of engagement in servitization as a whole. These counter-intuitive results thus led us to a finer characterization of the level of engagement in servitization and to linking these characterizations to both service concepts and CRM practices.

Characterization of the different levels of engagement in servitization

The continuums developed by Gebauer et al. (2010) and Tukker (2004) support the idea of progressive engagement in servitization leading to greater implication in the customer value chain and a change in business model. In order to examine these postulates, we analyzed the data in two stages.

Presentation of 5 operational service system configurations

Exploratory factor analyses (principal components analyses) were carried out on the items in the SDS, CI and WE scales ; this allowed for the internal validity and reliability of the scales to be verified and to obtain factor scores for each of the three dimensions (SDS, CI and WE). A typological analysis (cluster analysis) was then carried out on the factor scores of these dimensions by testing different numbers of groups. The typology with five groups we retained is illustrated in Figure 3 ; each configuration depicts, in reality, a specific level of development of the operational service system.

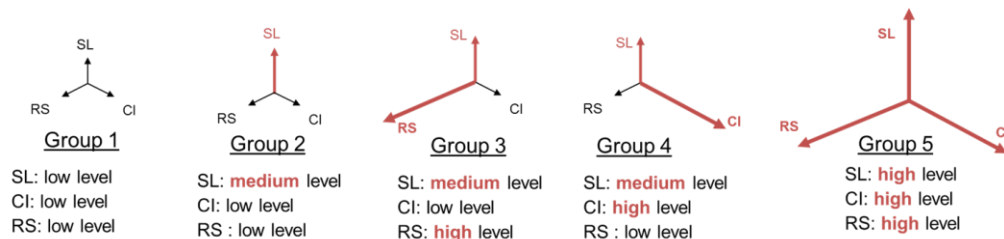


Figure 3: The Five SDS configurations

Description of the forms of engagement in servitization and the configurations of the operational service system

In order to characterize the level of engagement in servitization, in our second stage of analysis, we considered the service concepts (Added services, reconfiguration or PSS) and service configurations. To achieve this, variance analyses were carried out on each type of service concept (SC) as well as Duncan tests (Table 1).

	N	Added services (ANOVA, $p=0,000$)			Reconfiguration (ANOVA, $p=0,000$)		PSS (ANOVA, $p=0,019$)		
		1	2	3	1	2	1	2	3
G1 : SL-CI-RS low	38	-0,485			-0,261		0,158		
G2 : SL medium CI-RS low	45		0,027		-0,291		0,622	0,622	
G3 : SL medium CI high RS low	30		0,093			0,287	0,500	0,500	
G4 : SL medium CI low RS high	31		0,375	0,375		0,320		0,935	0,935
G5 : SL-CI-RS high	16			0,711		0,728			1,250

Table 1: Service concept/Operational service system links

The results show that each type of service concept corresponds to different levels of complexification of the operational service system. Thus, the level of engagement in servitization is not dependent solely upon the service concept but also upon the operational system in place, which notably implicates the third level of operationalization in CRM practices:

[Service concept] = Added services : Three stages of development of the operational system appear for this concept of combined products and services. Stage 1 corresponds to an operational system of very limited development. The services proposed are minimal and require no special structuring of the operational system. Stage 2 mainly aims to adapt the level of expertise of the personnel in contact with customers, to develop their experience of the relationship with the customer and to give the customer a certain degree of autonomy (cf WE). Finally, reaching Stage 3 involves development of each of the WE, CI and SDS dimensions.

[Service concept] = Reconfiguration : Two stages of development of the operational system are associated with this service concept. Reaching Stage 2 requires the development of at least one of the SDS or CI dimensions ; it is thus the intrinsic characteristics of the service proposal which are determinant.

[Service concept] = PSS : Three stages of development of the operational system appear but the distinction between the different stages is less clear. Essentially, progressing to a higher stage of the operational system depends on the development of the SDS.

Engagement in servitization and CRM

The first results demonstrating the importance of the service delivery system configurations in regards to the forms of servitization, links between configurations and the two dimensions of CRM (interactional orientation and internal management of customer relationships) were analyzed with Anova and Duncan tests.

Regarding the interactional orientation, Customer Knowledge is the only discriminatory variable among the configurations. Linking the configurations to customer knowledge shows a positive correlation with the complexity of the delivery system : the greater the customer knowledge, the greater the sophistication of the delivery system (specific technologies and equipment, standardizing systems, performance analysis, strong links with design.) In other words, regardless of the position on the continuum (added service, reconfiguration or PSS), weak customer knowledge is always associated with a weak operational system. Inversely, companies placing emphasis on customer knowledge goes hand in hand with sophistication of the SDS.

Regarding the internal management of the customer relationship, it seems that the three dimensions differentiate the five configurations. Counter-intuitively, the relationship between the sophistication of the operational service system and investment in internal customer management is negative. Where the

SDS is not sophisticated, the company increases the internal management of the customer relationship. Inversely, where the operational service system is highly developed, this must not be compensated for by major internal management of the relationship.

DISCUSSION OF FINDINGS

The first result of this research is that the relationship between the level of engagement in servitization and CRM policy is not direct but mediated by the configuration of the operational service system. Consequently, the study of variables characteristic of CRM policy and their configurations allows for the identification of these relationships.

The analysis of the link between configurations of the operational service system and the service proposal is a second result. Whilst we could have supposed a linear link between the two, it so happens that this relationship is a matrix : for each type of service proposal (added services, reconfiguration and PSS) there correspond numerous different levels of complexity of the operational system.

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114. THE ROLE OF ACTORS' PERSONAS IN VALUE CO-CREATING ACTIVITIES

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Purpose: The purpose of this study is to investigate the innate drivers of a human entity's value co-creation behavior in service systems. Due to the network character of these systems and the interrelatedness of all behavior personality plays a significant part in actors' value co-creation activities including resource integration. Value creation and value perceptions of operant resources (actors) cannot be understood without considering the social context and the social forces that shape the involved actors. Human actors' personalities have so far been neglected but have a major impact on their enacted role and behavior in different contexts. Therefore, this paper focuses on the “nucleus” of all behaviors – including the application of skills and knowledge in action as well as norms and rules – which are engrained in and driven by an individual's characteristics.

Approach: This paper is conceptual and theoretical in nature drawing on a vast range of personality psychology literature and its application to service research focusing on the role of an actor's characteristics for value co-creation in service systems.

Findings: This research presents a personality model derived from personality systems thinking intertwined with an approach considering the ecology of human development. Ten personality propositions are also put forward to advance thinking in regard to individuals as actors or entities embedded in service systems. Depending on the personality profile an actor influences the process of value co-creation differently.

Value: This research study investigates actors' resource integration and value co-creation efforts and interactions in service systems from a personality standpoint. This encompassing approach integrates different streams of literature and findings to consider actors' characteristics when re-thinking the key drivers of value co-creation (and value co-destruction). With this approach the understanding of these key drivers is thus broadened, by adding the view that service systems are embedded in and shaped by actors' personas in social systems.

115. ADOPTING A STRATEGIC APPROACH TO CUSTOMER EXPERIENCE MANAGEMENT

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Purpose: This paper reports on a programme of research aimed at understanding the issues involved and the approaches needed to get Customer Experience Management accepted as a strategic imperative in the service delivery of business to business organisations. The research considers the nature of change required by an organisation if the adoption of customer experience management is to be seen as a strategic directional change for an organisation rather than being seen as a short-term tactical initiative or activity.

Methodology: The research involved a programme of qualitative research involving depth interviews with ten senior customer experience managers employed in leading business to business organisations within Europe. This was followed by a workshop held in the UK with a wider group of customer experience professionals.

Findings: The research identified that customer experience does not improve until it becomes a corporate priority and a company's work, processes, systems and structure change to reflect that. The catalyst for change often comes from a new chief executive or senior director entering the business to business sector from a business to consumer background. In the organisations where customer experience management was embedded, it was possible to identify a number of interlinked steps that lead from the establishment of a need for change to the consolidation of customer experience management as strategic imperative.

Originality: There has been a significant amount of focus recently on customer experience management, however, there has been limited coverage on the challenges involved in ensuring that the focus on customer experience is adopted at a strategic level rather than being a short-term tactical initiative. This research highlights the issues involved in enhancing customer experience and the areas of best practice.

116. SHOWROOMING: A CASE OF VALUE CO-DESTRUCTION AND VALUE CO-CREATION

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Purpose: Customers' showrooming activities refer to the practice of consumers' researching and examining products in bricks and mortar stores before purchasing online. This phenomenon represents a growing problem that is widely documented in practitioner press (Zimmerman, 2012; Wall Street Journal, 2013). However, academic studies that explore the nature and dynamics of showrooming are sporadic and rare. In light of insights into the nature of value in service (e.g., Plé and Cáceres, 2010; Webster and Lusch, 2013), showrooming presents an interesting research focus because showrooming activity comprises both value co-creation and value co-destruction behavior. That is, while the customer co-creates value with the internet merchant from whom they purchase, conversely, value is co-destruction with the bricks and mortar store. Focusing on showrooming behavior, this research explores simultaneous value co-creation and destruction and in doing so provides insights into the forms, drivers and consequences of showrooming behavior.

Methodology: This research comprises three studies which employ qualitative and quantitative data collection techniques. First, semi-structured interviews are utilized to investigate the forms and activities of showroomers. Second, a large scale quantitative survey is employed to assess the antecedents and dynamics associated with value co-creation and value co-destruction processes.

Findings: The study findings reveal that showrooming activities are varied and do not constitute a monotonic form of activity but rather a varied and dynamic series of activities. Additionally, the results show that multiple consumer characteristics, channel characteristics and product characteristics antecede customers' value co-creation and co-destruction behaviors.

Originality: In spite of its prevalence, showrooming represents an under investigated phenomenon. The current study is original because it presents empirical findings of showrooming dynamics. Further, this research is the first to investigate showrooming through the lens of value co-creation and value co-destruction. Consequently, the study raises interesting implications for both service academics and practitioners.

123. EXPLORING CUSTOMER EXPERIENCE TOUCH POINTS

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Purpose: The extant academic research has predominantly viewed customer experience as a single entity, failing to recognize the heterogeneous nature of various touch points that encompass customer experience. The purpose of this research is to develop typologies of different customer experience touch point elements based on comprehensive insights of the customer journey across various service settings.

Methodology: We investigated customer experience touch points using an exploratory qualitative research design. In-depth interviews were conducted among 25 customers of different service providers. A total of 37 experiences were recorded, analyzed and decoded.

Findings: Our findings indicate that customer experience touch points comprise of several distinct elements, including: (1) social interactions - two-way interactions between customers and employees, and customers and customers; (2) atmosphere - the tangible elements that customers observe when interacting with any part of the firm, (3) product/service - interactions during the consumption of the product or service; (4) technological touch points - interactions with any form of digital technology; (5) communication - one-way communication from the firm to customers; and (6) service process - policies and procedures relating to the service delivery.

Research implications: This research offers an opportunity to empirically explore (i) how each of the elements of touch points individually influences the overall customer experience, and (ii) assess the relative importance of each of the elements of touch point in different service settings.

Practical implications: Our findings enable service managers to develop appropriate touch point strategies to enhance customer experience.

Originality: There have been conflicting views and misperceptions about customer experience touch points in the services literature. For instance, touch points have been considered as different channels (e.g., online) or processes (e.g., check-in). We provide a holistic understanding of customer experience by identifying the distinct elements based of customer experience touch points.

125. THE ROLE OF EMOTION IN VALUE CREATION: UNDERSTANDING THE CUSTOMER SPHERE

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Purpose: The aim of service logic is to understand the nature of value and the value creation process. Specifically, it refers to value-in-use emerging in the ‘customer sphere’ from the accumulation of experiences. Thus, customers not only determine what constitutes value, but they are *the* value creators. Customers’ value creation is both a mental and emotional process (Voima et al., 2010) as such experiences are replete with emotional worth (Elliott, 1998). This paper addresses the role of emotion in customers’ value creation process thus extending our knowledge of the service logic paradigm.

Methodology: By focusing on an individual-level analysis, we aim to understand service logic in a highly engaged, experiential consumption context. An Interpretative Phenomenological Analysis approach is employed to examine the customers’ sphere and value creation process in ethical tourism. The context offers an ideal platform to investigate this process because it requires mindful practices, offers deep personal meaning and is value-laden.

Findings: Traditionally, the firm dominant perspective regards customers and providers as co-creators of value, overlooking the customer sphere and the importance of value-in-use. We highlight how value is constructed by demonstrating the integral role which emotion plays as a vehicle for value creation and illuminate its impact on a customer’s holistic consumption experience.

Originality: This emerging service logic view calls for a more holistic appreciation of the affective and experiential aspects of value creation (Helkkula, et al., 2012). The emotional value embedded in consumption experiences may act as a prerequisite for customers’ value creation. The findings offer transferability of meaning to new phenomena in comparable contexts or to related phenomena in new situations. By advancing our knowledge of how customers construct their experiences of value creation on an individual level and of how value manifests in ethical practices we offer insights into the customer sphere and value-in-use.

126. HOW CONTROL MECHANISMS AFFECT THE GOAL ORIENTATIONS OF SERVICE EMPLOYEES

Luiza Rodrigues¹, Filipe Coelho¹, Carlos sousa²

Purpose: Goal orientation theory has been used to explain the attitudes and behaviours of individuals in work settings. The goal orientations of employees, namely in frontline settings, have been associated with positive outcomes for organizations. Not surprisingly, past research has identified several personal characteristics affecting them. However, the contextual variables that influence employees' goal orientations remain unspecified. Accordingly, this research investigates the influence of organizational controls, namely output, behaviour, professional, cultural, and self-control, over the goal orientations of service employees.

Methodology: We distributed approximately 1350 questionnaires through the frontline employees of a Brazilian bank and obtained 296 usable responses. The questionnaire relies on previously-validated scales. The final CFA obtained a good fit and provided evidence of scale validity.

Findings: Behavior-based control positively affects learning orientation (LO) and negatively impacts on performance avoidance orientation (PAvO), with no effect on performance approach orientation (PApO). Output control only has a significant positive impact on PAvO. Self-control has a positive impact on both PApO and PAvO, with no significant effect on LO. The effects of professional control were contrary to predictions: Professional control has a negative impact on LO and a positive influence on both PApO and PAvO. Finally, cultural control has a positive impact on LO and a negative impact on PAvO and PApO.

Research limitations: This study relies on employees from a single organization. In addition, it has a cross-sectional nature. The procedural and statistical remedies employed in this study suggest that method variance is not a concern.

Practical implications: The results show that managers may resort to control mechanisms to influence the goal orientations of frontline service employees in a manner that is consistent with organizational objectives.

Originality/value: As far as we know this is the first study to examine the impact of control mechanisms on employees' goal orientations.

127. WHAT DRIVES CUSTOMER VALUE? EVIDENCE FROM PROFESSIONAL SERVICES

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Purpose and Originality: Customer value is highly relevant for service firms and has attracted significant academic attention. Previous research has mainly focused on static aspects of customer value, predominantly based on qualitative studies. Current service research offers new insights for understanding customer value as a dynamic value in use instead of a static value in exchange.

However, a systematic conceptualization of value in use and its drivers has not been presented to date. This paper contributes to the existing literature by investigating the drivers of value in use in the specific context of professional service firms in B2B business and conceptualizes value in use dynamically.

Methodology: Backing on means-end theory value in use is measured as a multidimensional construct. This research proposes that value in use is the evaluation of the entire service experience by an individual customer, taking the specific experience and usage context into account. Using structural equation modeling, we test the model with data from a survey of 204 B2B-customers of professional service firms.

Findings: The results confirm the multidimensional and dynamic concept of value in use in a professional service context. Furthermore, they show that the context of relationship - consisting of the quality of communication and the quality of the relationship - is the most important driver of customer value creation. Additionally, we found the problem solving methods used by professional service firms to have a strong, indirect (fully mediated) influence on value in use.

Implications: Service providers can increase customers' perceived value in use by focusing on their relationship to the customers and by explicitly communicating their methodology used within service delivery. The findings of the study have implications for business practice in managing service encounters and management of customer relationships within professional services firms.

129. PATIENT EXPERIENCE AND CO-CREATION OF VALUE IN HEALTHCARE SERVICE DELIVERY

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Purpose: The purpose of the study is to understand the value co-creation processes of outpatients receiving healthcare and how their experiences with the physician in the consulting room affect the value that is created through value-in-use.

Methodology: Semi-structured interviews incorporating the Critical Incident Technique (CIT) were conducted with 24 outpatients in selected hospitals in Accra, Ghana between July and September 2013. The interviews explored the experiences of patients during their encounter with the physician in service delivery, impacting on the value creating healthcare opportunities. An abductive and content analytical approach was used to identify 56 useable critical incidents that had clear consequences on both the outcome of the service and the service experiences of the patient.

Findings: The study reveals three critical areas needed to support the value co-creation process of the patient to be considered during the consultation process. The critical areas comprise of the social context within which the service takes place, beliefs and perceptions of the patient, and partnership with doctor. Primarily, the patients' active involvement in the consultation process, the physicians' social skills, level of interaction, level of trust, patient's involvement in the decision-making process, physicians' orientation toward the patient and cooperation impacted on their emotions and the treatment process. Some physicians found it difficult to accept the recent changes in patient behaviour and attitudes, which mirrors the consumerist approach to healthcare. Finally the research found that patients do not consider 'getting well' as the only value that they seek but also the total experiences they go through in the consulting room.

Originality: This study extends the research on critical incident technique (CIT) to exploring the value co-creating processes in the healthcare setting to clearly understand the tenets of the interactions, varying approaches to the consultation, and how this impacts on the patients' emotions and experiences in the co-creation of value.

179. ATTITUDE TOWARDS CO-CREATION OF VALUE: SCALE DEVELOPMENT AND CROSS-CULTURAL VALIDATION

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INTRODUCTION

Regardless of the increasing attention to value co-creation in marketing literature, our cumulative knowledge on the concept is still at a descriptive level. “Fuzzy definitional problems” surrounding Service Dominant Logic (SDL), and value co-creation remain (Ballantyne *et al.*, 2011, p. 203). Such multiplicity and vagueness of definitions have resulted in lack of a valid scale that measures the co-creation concept. Therefore, the purpose of this paper is twofold. First, it aims to provide a definition of consumer's attitude towards co-creation of value and set forth a reliable and valid measure for the construct defined. Second, it discusses the newly developed scale's psychometric properties as well as its theoretical and managerial implications.

THEORETICAL UNDERPINNINGS

The concepts of co-production and co-creation in relation to mutual commitment of operant and operand resources to create, extract, and consume value have gained increasing interest during the past two decades. Co-production, relatively more customary and familiar concept due to its proximity to goods-dominant logic, accentuates the importance of utilization of customer's resources in the making of the offering (Vargo and Lusch, 2004). Consequently, co-production emphasizes the importance of mutual commitment of resources during production stage to create an offering, which fit better with the unique needs of each customer rather than goods with values predetermined and embedded by the company. Yet, value created through production has very little explanatory power over value creation process (Grönroos, 2011; Grönroos and Voima, 2013) since an offering *per se* only represents a potential value. It is only during the use stage that the value can emerge (Grönroos, 2008). Accordingly, the term “co-creator” of value is rather interesting since it begs a simple question: who is there beside the customer, after point of exchange, in order to engage in collaborative value extraction and consumption activities? (Grönroos, 2008).

To this day, co-creation of value has never been explicitly defined (Grönroos and Voima, 2013). However, the common interpretation of the concept refers to a customer-driven process that aims to extract and consume value from the offering, which can be enhanced by the mutual commitment of the company and the customer (Grönroos and Voima, 2013). During this collaborative activity, value is ultimately determined by the consumer (Vargo and Lusch, 2008) through superior value propositions offered by the company (Payne *et al.*, 2008). Consequently, the company takes on the position of the value facilitator as “direct interactions enable firms to co-create value with customers” (Grönroos and Voima 2013, p. 139). This view suggests that in order for value co-creation to take place, there needs to be some sort of interaction during the use stage for superior value propositions to get through to the consumer's sphere. Inherently, consumer's attitude towards company specific efforts, which will increase the value they derive from the offering is the focal point of this study.

Grönroos (2008) explains that the firm cannot engage in value generating processes, unless it is invited to join in by the customer. This view suggests that neither the emphasis the academia puts on value co-creation, nor the amount of effort and investment put forth by the companies to enable co-creation automatically results in customer's positive attitude towards such collaboration. Consequently, arguing that it is ultimately the customer's disposition towards company's value generating efforts, which will determine the level of collaboration and value, calls for a valid and reliable scale in order to measure their attitude to do so. Therefore, this study defines attitude towards co-creation of value as customer's evaluation of realizing extended value during use stage through mutual commitment of the customer and the company via company's value facilitation practices. Accordingly, we offer a scale that robustly demonstrates the operationalization of this view.

METHOD

The context of the study is the online check-in system of a major airline company. Online check-in system is an accepted method of self-service technologies, which is argued to be "the ultimate form of customer co-production" (Brown and Bitner, 2006). Consequently, this study is designed to understand the customer's attitude towards co-creation of value which is defined as the mutual commitment of company and the customer to extract value from company's offerings.

This work follows the guidelines provided by Churchill (1979) in developing the measure of attitude towards co-creation of value. Exploratory fieldwork of two in-depth interviews with airline executives and three focus groups with individuals with previous online check-in experience have been conducted. During in-depth interviews (average length = 60 mins), airline executives were probed to understand different propositions that could be communicated to customers in order to increase the value they realized from their trip. During focus group discussions ($n1= 10$, $n2= 6$, $n3= 8$, average length = 75 mins), participants were encouraged to elaborate different ways to exploit value to increase their trip's worth.

The qualitative data analysis, conducted with Nvivo 10, bred 15 items around the subjects of experience sharing, information exchange, giving feedback, responding messages coming from the company, receiving recommendations, providing expertise, exchanging messages and ideas and staying in contact. Before advancing to the survey design, these items were translated into English by the researchers and a bilingual member of the academia since the survey would be available to both Turkish passengers in Turkish and foreign passengers in English. Similarly, back translations were made by them as to eliminate discrepancies. Final set of questions were then presented to expert panel of four judges for face validity in order to ensure the indicators covered the intended meaning of the construct. Although the panel members, anonymously, agreed on items' ability to measure the construct, they commented on heavy wording and word count of the items, which were addressed by the researchers.

Since the specific context of the study was online check-in system, online data collection method for both the pilot and the main study was deemed appropriate. The passenger, who completed online check-in via the airline company's online check-in page, was presented with the option of taking part in the survey. Once the passenger agreed, s/he was taken to the third-party web site (Qualtrics) to complete the survey.

All 15 items were measured using five-point Likert scale anchored strongly disagree to strongly agree. A pilot study was conducted with 200 usable surveys for each sample (Turkish passengers / foreign passengers). In the pilot data, the exploratory factor analysis (EFA) results for both groups were identical. The items' communalities and factor loadings were all above threshold level of 0.50 (Hair et al. 2006). Both samples possessed reliabilities above suggested 0.7 threshold level (Cronbach, 1951); 0.888 (Turkish passengers) and 0.951 (foreign passengers).

RESULTS

The main study continued until 1067 usable surveys from Turkish passengers (Sample 1), and 631 usable surveys from foreign passengers (Sample 2) were reached. The descriptive profiles of both samples are presented in Table 1.

Prior to any statistical analysis, nonresponse bias issue was addressed for Sample 2 since the data was completed in over four months. The comparison of early and late respondents showed no significant differences. Sample 1 was not subject to such analysis as the desired sample size was reached over 23 days. Next, analysis of missing data, unengaged responses and outliers were conducted.

Table 1 Descriptive statistics

	% N1 N2			% N1 N2	
Gender			Marital status		
Female	27.7	31.5	Married	67.2	67.0
Male	72.3	68.5	Single	32.8	33.0
Age			Education		
18-29	20.6	6.7	Below middle school	0.3	1.9
30-39	29.4	13.9	Middle school	0.8	1.3
40-49	27.4	22.6	High school	8.3	12.5
50-59	17.4	32.6	Undergraduate degree	53.8	17.3
60+	5.2	24.2	Graduate degree	36.8	67.0

Note: N1: Sample 1 and N2: Sample 2.

Prior to analysis of the measurement model, EFA for both samples using varimax rotation was completed. Results indicated that all 15 items loaded on a single factor for both samples. Although all 15 items' loadings were above the 0.5 limit advised (Hair *et al.*, 2006), identical six of the items' loadings were significantly higher (ranging between 0.873 through 0.808 for Sample 1; 0.887 through 0.830 for Sample 2) than the remaining nine items (ranging between 0.505 through 0.584 for Sample 1, 0.520 through 0.648 for Sample 2). The six items were then sent to the panel of judges for content validity, once again, to ensure the short version of the measure captured the intended meaning of the construct.

The measurement models consisting the six items for both samples were assessed using AMOS 16.0. Once the goodness of fit of the measurement models were achieved, the data was tested for configural and metric invariance to ensure the measurement model was equivalent across samples. Although the model fit indices indicated configural invariance, the chi-square difference test between the unconstrained and constrained models, did not result in metric invariance ($p < 0.05$). In order to understand which indicators were violating metric invariance criterion, a group difference test for critical ratios was conducted. The results indicated two of the six items' z-scores exceeded the critical value of 1.96 ($p < 0.05$). The two items (exchanging ideas and staying in contact) were excluded before moving on the final assessment of the measurement model.

The goodness of fit indices suggested good fits for both samples ensuring nomological validity ($\chi^2/df = 1.098_{(sample1)}$, $0.996_{(sample2)}$; GFI = $0.999_{(sample1)}$, $0.999_{(sample2)}$; AGFI = $0.985_{(sample1)}$, $0.997_{(sample2)}$; CFI = $0.999_{(sample1)}$, $0.999_{(sample2)}$; NFI = $0.998_{(sample1)}$, $0.998_{(sample2)}$; TLI = $0.999_{(sample1)}$, $0.984_{(sample2)}$; RMSEA = $0.029_{(sample1)}$, $0.031_{(sample2)}$) (Hair et al. 2006). Reliability of the scale for both Sample 1 and Sample 2 exceeded the suggested cutoff limit of 0.70 (Nunnally and Bernstein, 1994) with 0.885 and 0.889 respectively, confirming internal consistency.

Table 2 Measurement model results

	λ	t-value	SMC	AVE	ρ
Item 1	0.715 / 0.709	23.603 / 19.267	0.498 / 0.488	0.676 / 0.664	0.891 / 0.886

Item 2	0.753 / 0.735	32.705 / 22.526	0.567 / 0.541
Item 3	0.937 / 0.930	48.303 / 32.261	0.877 / 0.865
Item 6	0.936 / 0.897	47.659 / 30.895	0.877 / 0.805

Note1: Full item descriptions are provided in Appendix

Note2: Turkish passengers ($N1 = 1067$) / **Foreign passengers** ($N2 = 631$)

Note3: SMC – Squared multiple correlations; AVE – Average variance extracted

Note4: Although item one showed slightly lower indicator reliability (0.498 and 0.488 respectively), for theoretical purposes it was preserved.

Convergent validity was satisfied through factor loadings (all $\lambda > 0.7$), indicators' own reliabilities in terms of squared multiple correlations (SMCs > 0.5), average percentage of variance explained (all AVEs > 0.5) by the set of indicators and construct reliability (all $\rho > 0.7$) (Hair et al. 2006). Table 2, above, summarizes the results of the measurement model.

In order to assess discriminant validity, attitude towards co-creation of value is tested against the most conceptually close construct in literature, i.e. attitude towards co-production. It is to note that these two constructs come to play in different phases of value extraction and consumption. Co-production of value is mutual commitment of consumers' and companies' resources in *production stage*, whereas co-creation of value happens at the *use stage* (Grönroos, 2008). The items for the former were adapted from Oghazi *et al.* (2012) (three items) and Bock *et al.* (2005) (one item) which manifest a person's perspective towards online check-in (SST) in terms of liking it and finding it a good idea. Through the comparison of AVE to Maximum Shared Variance (MSV) and to Average Shared Variance (ASV) as suggested by Hair *et al.* (2006), it was established that the construct of customer's attitude towards co-creation of value explained its indicators better than it explained the indicators of attitude towards co-production of value. The results of discriminant analysis are presented in Table 3.

Table 3 Assessment of discriminant validity

		ρ	AVE	MSV	ASV
Sample 1	Attitude towards co-creation of value	0.891	0.676	0.085	0.076
	Attitude towards co-production	0.918	0.738	0.298	0.192
Sample 2	Attitude towards co-creation of value	0.886	0.664	0.084	0.079
	Attitude towards co-production	0.932	0.775	0.191	0.136

Note1: Full item descriptions are provided in Appendix.

Note2: Turkish passengers ($N1 = 1067$) and Foreign passengers ($N2 = 631$)

Note3: Discriminant validity: Satisfied; AVE $>$ MSV and AVE $>$ ASV

DISCUSSION AND IMPLICATIONS

This research stems from the simple fact that there exists no formal vehicle for measuring what literature defines as the paramount tenet of SDL, namely co-creation of value (Vargo and Lusch, 2004). It adopts consumers' perspective as the value is ultimately determined by them, while the company serves as their partner in value creating activities. Thus, we define attitude towards co-creation of value as consumers' evaluation of realizing extended value during use stage through mutual commitment of the customer and the company via company's facilitation practices. The newly developed scale tackles the precise problem indicated by Grönroos and Voima (2013, p. 146) when they argue firms processes in their own sphere without interaction with their customer "have no impact on real value". The argued collaboration stands for customers making use of company resources that

are made available to them through value propositions. The ultimate goal is to understand consumers' inclination to generate a maximized value through company's means such as providing expertise, support, different options for service.

On a theoretical level, this research contributes to SDL literature through development of a conceptually solid and psychometrically valid attitude towards co-creation of value scale. The newly developed scale may be used to understand customers' attitudes towards making use of their partners' value propositions in order to seek new ways on how they can extract and consume increased value. This is also valuable information for managers as they can assess customers' perception on taking advantage of their resources to elevate the value that the offering breeds. Consequently, ability to measure customers' attitudes towards co-creation can encourage companies to seek new ways to increase their expertise to better facilitate the value creation process. Through mutual commitment to value creation, companies can find different tracks to enter customers' sphere and tap into their value exploration, extraction, and consumption activities.

This study, as with almost all studies, has limitations and suggestions on future research avenues. First, although the results demonstrate a degree of generalizability of the findings due to cross-cultural nature of the study (comparing the data obtained from Turkish and foreign passengers), it should be noted that a single context of online check-in has been used. Accordingly, future research might consider replicating the study in different contexts. It should also be noted that the source of data collection is a single airline company. Thus, generalization of the findings should be made with care. Although, the co-creation of value studies are at their infant stages for developing its theory comprehensively, we believe challenging its measurement may yield new questions and answers that could nurture its conceptual development further.

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APPENDIX

Scale items

1 I would like to take advantage of _____’s^a expertise in order to increase the value of my trip.

2 I would like to co-create the travel experience with _____^a.

3 I would like _____^a to support me for having a better trip.

4 I would like _____^a to present me with different options for me to have a better trip.

Note: ^a replace with the name of the company.

196. AN HOLISTIC MANAGEMENT MODEL OF VALUE CO-CREATION IN THE EATALY SYSTEM

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Purpose: The aim of this study is to identify and analyze the main characteristics of an innovative, successful service concept and management model of value co-creation in the High food and Leisure sector. We focus on the involved actors, their resource integration and value co-creation efforts in a service system and define the related key success factors. Eataly is an innovative service concept grounded in an innovative management model in which customer can live a holistic experience about Restaurant, Market and Education. It represents a complex system characterized by a multiple active actors, who play an important role in the build of the customer experience. In the Eataly Shops is possible: to eat Gourmet Italian Food; to buy genuine and local food products characterized by a high level of quality; to learn about good eating, Italian food and its traditions. In this system value is co-created with customers, managers and stakeholders.

Methodology: The empirical study is based on an abductive approach. The study is theoretical and deductively rounded but also inductive and explorative in nature. The Eataly shop in Rome was analyzed as a milestone of the study, to detect the main aspects that characterized the company organization. Through the study of the customer’s journey and the mapping of the actor-network, a theoretical model for value co-creation was conceptualized, and the main strengths, weaknesses and the repeatability elements were identified.

Findings: This study is the first step in a larger project in which the resource integration among different actors and customers' co-creation are studied. The results of this first stage concern the identification of the Eataly model success factors. The empirical results show that the resource integration and value co-creation activities among actors are important key factors for an innovation to scale up. A supportive constellation of relationships between the involved actors contributes to transform an innovative business idea into a sustainable and repeatable service innovation and aligned management model also at an international level.

Originality: According with the network theory, this paper contributes with an integrated framework that which combines the customer journey (perspective, involvement and experience) management approaches. The study develops and describes a systemic and innovative management model for understanding how the concept of service innovation and value co-creation can be integrated in practice with the stakeholders' management and networking.

206. HOW RESOURCE INTERDEPENDENCIES IN SERVICE SYSTEMS SHAPE ACTOR ROLES

Jimmie G. Rondell¹, David Sörhammar² ¹Malardalen University, Sweden, ²Uppsala University, Sweden

Purpose: Elaborating on the issue of how interactions and resource integration shape the initiating and participating roles of social and economic actors, as well as institutions in service systems; How do resource interdependencies in service systems shape actor roles?

Design: Reports on a study conducted within the recreational bicycle industry, capturing the nature of resource interdependencies between consumers - firms - institutions; Participatory observation of the largest annual recreational bicycle ride in the world accompanied with interviews as well as a netnographic study of social media activities.

Findings: Through interactions within the service system, new ideas and ways of utilising available resources increasingly gain momentum through seemingly heterogeneous constellations of social and economic actors. This unbundling and re-bundling of resources on one hand create interdependencies between actors. However, on the other hand these interdependencies also act as a dynamo for (re-)shaping actors within the service system as social and economic actors take on a variety of interdependent roles.

Originality: Resource interdependencies creates both stability and change in service systems regarding actor roles, showing that resource-integrating activities interchangeably define the roles of the actors as initiator or participator of value creation.

212. SHOW ME THE MONEY – LINKING CUSTOMERS' EXPERIENCE (CX) MANAGEMENT TO PROFITABILITY

Phil Klaus, Bo Edvardsson and Stan Maklan

Purpose - Marketing scholars, managers, and consultants emphasize that the crucial importance of CX management for the survival of the firm. They claim that differentiation strategies based on product, service and price are no longer sufficient. However, empirical evidence supporting this notion is in short supply. Marketers and scholars need to first understand what CX management strategies and practices will optimize the company-customer experience interaction. This, in turn will allow them to explore which management practices will have the most positive influence on – and financial returns from – CX over time. To do this we first have to develop typologies of these practices, and then connect these different kind of CX practices to profitability.

Methodology – Based upon an in-depth analysis of interviews with managers of 312 companies worldwide (with an explicit CX strategy and management program) our global study develops a typology of CX strategies and management practices. Based upon the typology we explore the crucial link between these practices and profitability.

Findings – We explore three distinctive types of management practice, namely *preservers*, *transformers*, and *vanguards*. Moreover, our study links these strategies to organizational performance by measuring the firms' profitability. The results show that in comparison to their competitors and overall industry indices *vanguards* outperform *preservers* and *transformers* significantly. We highlight the superior performance of firms executing a value-driven customer experience strategy, the vanguards, grounded in both literature and empirical research. These firms, unlike others, apply value-creation to all stakeholders of their business. Their business practice reflects these principles by developing a strategy crossing departmental boundaries and integrating all of the firms' functions into one aim - delivering superior customer experiences.

Originality/value – The contribution of the study is four-fold. This is the first study empirically exploring CE management practice and its link to profitability. Second, the findings accentuate the importance of the customers' experience as a decision-making variable and, therefore, firms' strategic focus. Third, it highlights the differences of these practices over all five dimensions of CX strategies and management, namely (1) how organizations define CX, (2) its scope and objectives, (3) its governance (4) how CX policy is developed and (5) how implementation challenges are addressed. These insights will allow managers to assess their own practices and determine priorities for investment. Fourth, by connecting CX practices to firm performance, we develop principles about how to solve the business problem of creating successful CX management programs. Our study is therefore one of the unique contribution to design and action theory.

215. SERVICE-DOMINANT LOGIC ECOSYSTEM PERSPECTIVE AT THE BASE OF THE PYRAMID

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INTRODUCTION

Eighty percent of the people in the world are ignored not only as a market but also as active resources (Prahalad, 2013). This huge low-income segment of 5 billion people, often called “the base of the pyramid,” are usually seen as passive consumers who receive services. A market-based ecosystem

would remedy this situation and foster more transparency, equity, and sustainability for the base of the pyramid (BoP). New business models should provide a more inclusive and comprehensive framework within which services are socially co-created in and for a specific context (Gummerus et al, 2013). Many top-down BoP initiatives failed to solve the social problems they wanted to address (Hammond, 2013). Indeed, purely top-down venture creation is often disconnected from local contexts and does not involve the true beneficiaries. Thus, a new service-dominant logic (SDL) approach is required to build sustainable ecosystems. The SDL ecosystem would be neither bottom-up nor top-down. It would be a balanced collaborative ecosystem driven by different socioeconomic actors that build on their complementary competencies to create ecosystemic value, which is defined as multidimensional (social, economic, ecological, and cultural) and multi-actor, instead of venture- or user-centric (Ben Letaifa, Gratacap, and Isckia, 2013).

Therefore, the purpose of this conference paper is twofold. First, it draws on SDL literature to propose and compare two BoP ecosystem approaches. Second, it suggests fundamental premises for implementing sustainable SDL ecosystems.

THEORETICAL FRAMEWORK

Value is context embedded (Chandler and Vargo, 2011). The role of resources is becoming more and more important in the value-creation process. Value co-creation is no longer restricted to a dyad, as it involves interaction between at least two socioeconomic networks to which the supplier and the customer belong (Cova and Salle, 2008; Mele and Polese, 2011). This evolution shifts value creation in BoP services from a top-down approach to a more networked, open, and emergent process involving multiple actors, including individuals and public and private members at the local and global levels. The SDL ecosystem challenges the underlying assumptions of venture creation by firms, MNEs, or social entrepreneurs. In this goods-dominant perspective (Vargo and Lusch, 2008), value, value creation, and value capture are asymmetrically defined by one actor for the benefit of consumers.

A new BoP perspective rooted in SDL (table 1) suggests that value creation needs the involvement of local communities, actors, and users, as they would enhance the service co-creation process. This would increase the viability and sustainability of the service ecosystem created. Indeed, contexts are heterogeneous, and value needs to be defined in context (Chandler and Vargo, 2011).

Table 1: The Axioms of Service-Dominant logic

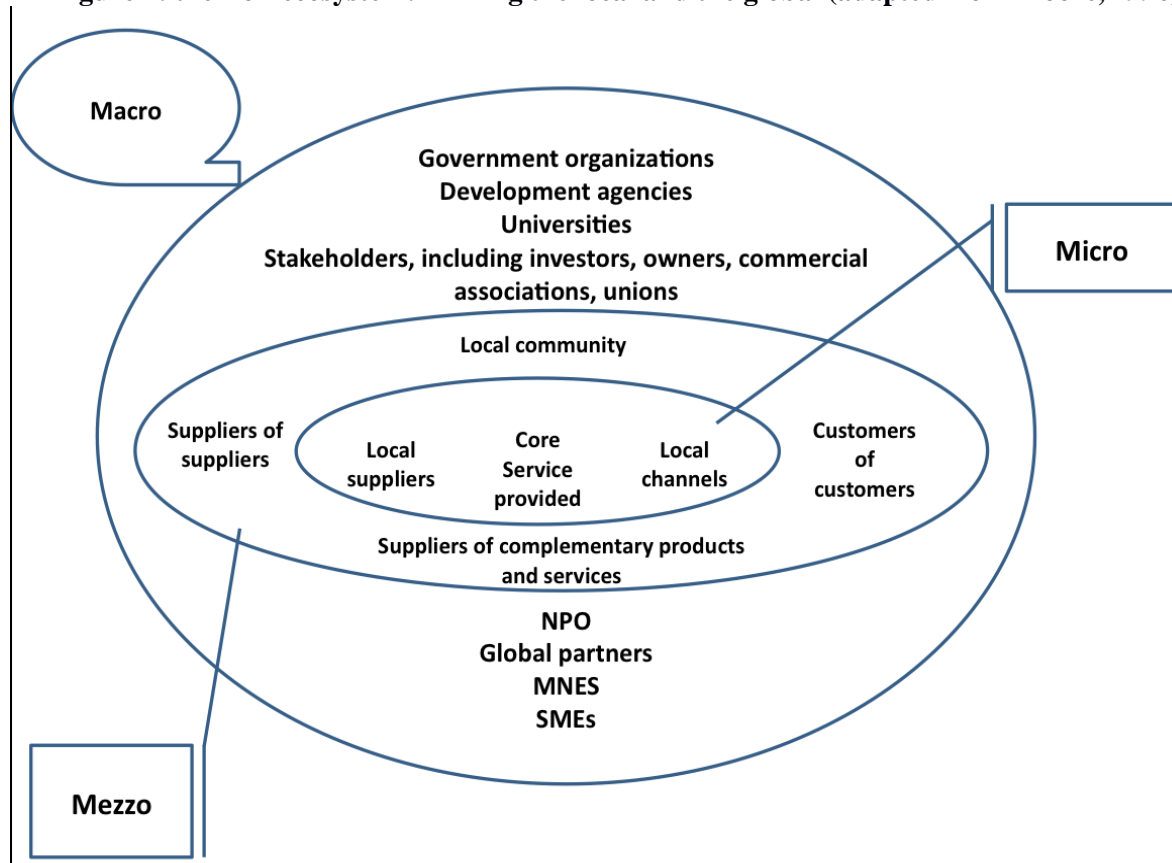
FP1	Service is the fundamental basis of exchange.
FP6	The customer is always a co-creator of value.
FP9	All social and economic actors are resource integrators.
FP10	Value is always uniquely and phenomenologically determined by the beneficiary.

Source: Vargo and Lusch (2013), Highlights in Service Research, VTT Research Highlights, 6, VTT Technical Research Centre of Finland.

Many marketing and management scholars have discussed the limitations of unbalanced perspectives (customer- or user-centric) in building a comprehensive view of how value is created and shared (Gummesson, 2008). As the concepts of “value” and “resources” are increasingly evoked in ecosystems, an exploration of how these can provide a sustainable perspective for value creation at the BoP is required. Business and non-business actors’ interactions at the local and the global levels can co-create better services for the BoP. Several authors have recommended the multi-actor and multidimensional approach to ecosystems (Pralhad, 2009; Moore, 2006; Hammond, 2013; Ben Letaifa, Gratacap, and Isckia, 2013). The ecosystem perspective proposes to connect the micro level (local service provided) to the meso level (local network involved, families, friends, etc.) and the macro level (global network and local public and private socioeconomic actors indirectly influencing the ecosystem). The integration of the micro, meso, and macro levels of analysis is quite innovative and responds to the new BoP research agenda (Gebauer and Reynoso, 2013). The ecosystem

framework is a dynamic and inclusive network in which all resources, actors, and institutions are mapped and interconnected. Every context can be illustrated according to its three distinct levels, allowing for socio-cultural dimensions to be highlighted and understood. This exhaustive network grasps complexity and temporality. Indeed, the mapping of all actors and resources aims at developing a roadmap for long-term service innovation, followed by the process of service design.

Figure 1: the BoP ecosystem: Linking the local and the global (adapted from Moore, 1996)



In today's interconnected ecosystems (Iyer and Davenport, 2008), open innovation through the micro, meso, and macro levels (see figure 2) allows BoP organizations to better use internal and external resources. These social changes are also disruptive, as they overturn the conventional innovation pipeline by transforming top-down BoP venture creation into an open and emergent process. A new "BoP 2.0 mindset" is required (BoP Summit, 2013). This mindset illustrates the need for more collaboration and co-creation with different socioeconomic actors. A new SDL ecosystem is thus suggested to bolster a virtuous circle of value co-creation (table 2).

In this vein, four fundamental propositions are suggested. FP1 is about shifting from a top-down to a multi-actor BoP approach to include the local operant resources. FP1 enables the multidimensional co-creation process by suggesting that a new ecosystemic approach, rather than a stand-alone venture, is required to build on complementary competencies. Indeed, SDL ecosystems rely on building local and global connections. FP2 argues that social embeddedness is required to perform BoP initiatives. Micro-level challenges can be met only when the local context is understood. FP3 builds on SDL co-creation and advocates that services are co-created for and with local communities. Finally, FP4 measures the output of service innovation or co-creation by suggesting an ecosystemic value that is multidimensional and multi-actor. Whereas FP1 offers a nonlinear approach to SDL ecosystems, FP2 highlights the sociocultural and local focus required. FP3 pinpoints the active role of beneficiaries, and

FP4 describes the output (the multidimensional value co-created). These premises are not directly derived from the four SDL premises (table 1). However, they are inspired by them, specifically FP6 (the customer as a co-creator), FP9 (actors are resource integrators) and FP10 (value is determined by the beneficiary) (see table 1). The propositions were tailored to fit BoP ecosystems and were designed to fully address local-global tension and the multi-actor perspective.

Table 2: Good-dominant logic versus service-dominant logic ecosystems

	Good dominant logic Ecosystem	Service dominant logic ecosystem
FP1	Top-down approach to BoP enterprises in which individuals are passive consumers	A multi-actor approach to the social problem in which individuals are active operant resources
FP2	Venture creation follows a macro perspective	Social embeddedness is required to design relevant services
FP3	The beneficiaries receive services	Services are co-created with and for local communities
FP4	The value is determined for one actor and is one-dimensional (social or economic)	The value is determined as multilevel and multidimensional: the ecosystemic value (for all beneficiaries; social, economic, ecological and cultural)

Some scholars are urging creation of a new BoP roadmap that would help to move forward (e.g., London and Hart, 2013). A number of research opportunities have been highlighted. Gebauer and Reynoso (2013), for instance, have identified six relevant research issues: the need to broaden the technology and innovation focus far beyond ICT usage and product development; more inclusiveness in research studies with more SDL focus; more interaction between service innovation, CSR, and innovation in specific institutional contexts; more complex-systems research to understand BoP services and the inefficiency issues of commodity services for BoP segments; more focus on value creation and resource integration; and more insights from entrepreneurship and service innovation studies. These recommendations call for inclusive, sustainable, and disruptive business models. This might seem impossible to achieve through a single framework. Yet, the power and intelligence of the ecosystemic perspective resides in its completeness and comprehensiveness. We believe that the SDL ecosystem perspective fills the current gap in the above-mentioned BoP research quite well. The fragmented streams could be leveraged and interconnected within this systemic and multilevel perspective.

The BoP domain needs to “fulfill its grandest promise – that is, a business and development strategy grounded in a synergistic relationship between the generation of economic returns and the solution to social and environmental problems” (London and Hart, 2013). The ecosystemic value advocated in the ecosystem perspective fully addresses this issue by providing a multidimensional and a multi-actor framework in which local and global communities, technology, institutions, innovation, resources, and entrepreneurs are integrated.

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217. STYLES OF SELF-DIRECTED LEARNING FOR CO-CREATION

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Purpose: This study investigates consumers' motives to develop new skills/knowledge to co-create positive value experiences and explores their self-directed learning (SDL) processes, including their use of learning resources, available from firms and other sources.

Methodology: DIY was selected as a context in which consumers generally self-direct their learning. A survey with members of an online DIY community identified consumers with different levels of experience and motivation for learning about DIY, from which we drew a sample of 24 individuals to participate in in-depth interviews.

Findings: Initial analysis was driven deductively by issues identified in SDL theory (Garrison, 1997) and service research. The subsequent, inductive search for emergent themes indicated that the various SDL processes in this context reflect learning styles represented in experiential learning theory (ELT)

(Kolb, 1984). ELT stipulates that individuals learn by experiencing, reflecting, thinking, and acting. Knowledge is seen as a transformation of experience along two continua: (1) how individuals best grasp experiences (i.e., concrete experience versus abstract conceptualization), and (2) how individuals best transform experiences (i.e., reflective observation versus active experimentation). We identify five distinct learning styles adopted by DIY members, which differ along these two continua. Adhering to existing typologies, we label these as Diverging, Assimilating, Converging, Accommodating and Balancing experiences. We demonstrate ways that these learning styles shape consumers' learning self-management and self-regulation processes and use of learning resources.

Originality: Although prior literature acknowledges that consumers need skills/knowledge to successfully integrate resources for value co-creation, there is little understanding of how consumers go about learning (Hibbert et al., 2012). This is the first empirical study to evidence learning as a self-directed process that consumers undertake to equip themselves for value creation. Findings can aid service providers in developing consumer support tailored towards distinct learning styles and needs.

219. Understanding the Value Phenomenon: a Strategic Value Innovation Framework (SVIF)

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Purpose: This paper presents a framework, built upon a multiple faceted view of value and associated, on-going, debates relating to co-created value and innovation. SVIF enables businesses (actors) to identify innovatory opportunities, through a better understanding of the value phenomenon (co-creation and evaluation). In so doing it addresses topical debates and approaches to value co-creation, made topical by authors such as Prahalad and Ramaswamy (2004) and Vargo and Lush (2004).

Methodology: By reviewing and comparing research related to the value: across disciplines; contexts; through multiple lenses, primarily innovation; this conceptual paper endeavours to explore similarities and discrepancies, ultimately the aim being to make sense of the complexity associated with value co-creation. This approach builds a strong foundation for the development of the conceptual framework: SVIF.

Findings: It is possible to construct a multidimensional framework, built upon interconnecting layers, namely, actors, resource integration and contexts that, through constructs, social practices and experiences, identifies co-created value with associated innovatory potential. Initial exploratory research indicates a practical and academic validity to the SVIF.

Originality: The paper introduces a novel, analytical, perspective on value phenomenon, building a strategic overview of the value potential in relation to innovation. In so doing it endeavours to reconcile divergent views, approaches and paradigms to produce a more coherent and practical understanding of a complex, dynamic and contested field of study.

221. MARKETPLACE INTERACTIONS, VALUE CO-CREATION AND THE BALANCED SERVICE EXPERIENCE

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Purpose: According to the service-dominant logic perspective, a company can only make value propositions whilst value is inherently a matter of co-creation (Vargo and Lusch, 2004; 2008). Such a conceptualisation highlights the importance of the performative aspects of the service experience which revolve around the marketplace interactions between service providers and consumers (Gronroos and Voima, 2013). The aim of this paper is to understand how these interactions are performed and negotiated in the luxury hotel marketplace, thus leading to value co-creation and a balanced or satisfactory service experience.

Methodology: Primary data were drawn from a six-month ethnographic inquiry in a Mediterranean luxury hotel chain to which one of the authors is also a native, since he was working there in various posts over a period of five years. Secondary data were drawn from an extensive business survey and feedback comments from major online booking websites, for both of which a content analysis was conducted. At a second stage, a series of in-depth semi-structured interviews are conducted with selected employees and customers.

Findings: In the luxury hotel marketplace, a service offering is translated into a service experience through the performance of oppositional marketplace interactions between the senior management, the employees and the customers. These oppositional interactions reveal a set of socio-cultural tensions that are negotiated and resolved through a mutual process of symbolic capital contestation (Ustuner and Thompson, 2012).

Originality: Previous research has explored the marketplace interactions that unfold within the joint value sphere of marketplace performances between service providers and consumers. Nevertheless, how exactly these marketplace interactions and differences are balanced within a servicescape context in order to create practices of value co-creation and lead to balanced or satisfactory service experiences, remains unknown.

225. WHO IS WORKING FOR WHOM? EXPLOITATION, EMPOWERMENT AND COCREATION

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Purpose: Recent research portrays cocreating customers as both empowered and exploited without solid agreement as to which perspective is most appropriate. Complementing the predominant focus on online environments we explore these contrasting perspectives in a context where cocreation takes place within the tangible assets of a firm.

Approach: The paper is based on a 3 year ethnographic study of community adoption of railway stations. A range of methods were used to collect data including in-depth interviews, observation, photography and videography. Over 100 participants took part in the study.

Findings: We explore how communities are motivated to take part through a passion for their local area. For the firm a complex ownership structure means communities are often best placed to take

control over the value proposition of the station. Communities are empowered by a ‘hands off’ and common sense approach to the scheme from the firm leading to a sense of ownership. Communities recognise the benefits received by the firm through their involvement but these are outweighed by those received by the communities themselves.

Research implications: Our research builds on calls to explore the contexts in which exploitation may (or may not) occur (Cova & Dalli, 2009). Viewing cocreating in socio-economic terms is important for developing our understanding of the blurring of roles between firm and customer. In contrast to studies that suggest that cocreation leads to double exploitation we suggest that exploitation, like value cocreation, is phenomenologically and contextually determined by each consumer ‘in use’ (Vargo & Lusch, 2008). Consequently, the circumstances when exploitation may occur are complex and not universal.

Originality: Our research reveals how ultimately, the assets of the firm can be appropriated by consumers to the extent that the notion of ownership is as blurred as the relationship between the firm and the consumer.

240. CUSTOMER VALUE COCREATION IN THE HEALTH CARE RELATIONSHIP

Anita Virta

INTRODUCTION

As economic challenges increase in societies decisions related to social policies will unfortunately too often affect those who already experience difficulty in life. Countries particularly during difficult economic times, needs to develop a new way of thinking that does not only consider the maximization of profit for service providers but also to support cooperation between service users (customer) and service providers to improve the service user’s quality of life (Raistrick et al. 2006). The improvement of the quality of the customer's life will not be possible if the customer does not actively participate in the development of the service him/herself as Grönroos and Ravalld (2010, 6) state “...*the customer is always a co-creator of value indicates, on an abstract, overarching level, that the customer is involved in a process-labelled value creation.*” If a public health care system is the main provider of health care services (as in Finland) and if it is financed through municipal tax revenue, patient co-payment and central government funding, indeed the new thinking which is needed is a public- customer value cocreation in the healthcare relationship by customer (Hellman et al. 2012). Furthermore, according to Grönroos and Voima (2012) the creation of the value not have to be seen only as an economic benefits to the customer but it is particularly a question also of other, such as emotional, social and ethical benefits which must be included in the value discussions. Therefore, it is not an absurd thought that a customer who suffers from withdrawal symptoms is able to create value during a drug treatment program when value is seen as an emotional benefit. Thus, in this paper the research question is “What customers do when they co-create value during detoxification treatment relationship?” According above mentioned research question the first aim of this research paper is propose a new context for the value discussion in the marketing discipline namely the research context here is an institutional detoxification treatment because the value discipline discussion is also a new one in the context of the intoxicant healthcare. The second aim of this paper is to identify activities that underline customer co-creation of value during detoxification treatment. Furthermore, this study challenges readers to identify own attitudes toward a drug treatment program finance by society because maybe some of people think that customers of detoxification treatment programs are those who are wasting tax revenue.

THEORETICAL FRAMEWORK

In the present paper the theoretical framework is based on the theoretical paper by Christian Grönroos and Päivi Voima (2012). The main point reason to use above mentioned theoretical paper is that value co-creation has served limited empirical analysis of customer value co-creation in the marketing, especially in the context of intoxicant healthcare. Grönroos and Ravald (2010, 15) present five service logic theses to understanding about the value creation process and its implications to marketing: 1) the goal of marketing is to support customers' processes of value creation, 2) creation of reciprocal value is the basis of business, 3) the customer is a value creator, 4) the supplier is fundamentally a value facilitator, and 5) the service provider does not only make value propositions. Thus, the basic idea of the present study is based on that supposition that in the context of the detoxification the customer is also the creator of the value.

METHODS

The study is an interpretative and longitudinal case study approach and the analysis method is content analysis. Institutional detoxification is a so called around-the-clock treatment (the treatment period is about 14 days) and therefore, the author spent a lot of time in a Finnish detoxification centre on three separate occasions (in the autumn of 2007, 2008, and 2009). The first phase of the content analysis the objective was to identify the value notion in the context of the institutional detoxification treatment. An interesting phenomenon emerged from the research data was the feeling of experiences that the customer did not experience failure even though the present treatment was interrupted. The reason was the very simple because of that every earlier detoxification treatment relationship gave always something new to customer to think. Therefore the determination of value here refers to customers' feelings of success during detoxification treatment relationship. According to research paper of McColl-Kennedy *et al.* (2012) in which the activities of customer value co-creation had been listed are: cooperating, collating information, combining complementary therapies, co-learning, changing ways of doing, connecting, coproduction and cerebral activities were used as a starting point for the second phase of the analysis. Some of the above mentioned activities also were identified in the present study on the interview data and thus were classified the customer value co-creation activities in the detoxification as follow: 1) contacting, 2) cooperating, 3) awaking, 4) communicating, and 5) changing. In the third phase of content analysis the objective was to communicate, using empirical data, which matters create the value for the customer success feelings as the value co-creation. In other words even though the customer's life is really painful at times during the detoxification treatment program, the value creation process has begun by customer's own will to come into the treatment institution to suffer through the process of treatment to getting better.

RESULTS

Based on the content analysis of the current paper the research will identify customer value creation activities during detoxification treatment relationship. In the first activity (contacting) the customer takes the first step toward value creation by contacting the service provider. In the second activity (cooperating) the service provider supports value creation for the customer by providing basic resources (food, room, health care) for the customer's use. The third activity (awaking) means a customer can get something for themselves, for example value can be based on a feeling of being accepted from viewpoint of the nursing staff and value creation can be feelings about better self-esteem to the customer. The fourth activity (communicating) means that customer wants to learn to listen and discussion. The last activity (changing) means that customer preparing to change things which supports

Contacting activity

The customer makes contact with a detoxification treatment centre. During the conversation it is possible to begin value co-creation if customer interactions with the nursing staff are good experiences to the customer and thus including positive expectations from detoxification treatment. In other words, the customer feels that he/she is a valuable individual. In this activity particularly the service provider's role will be powerful because they make promises to a customer. One of the promises is that there will

be a place for customer as soon as possible in the detoxification institution and own room of course. The promise of the nursing staff to help the customer overcome drug problem is most important promise which they can give to customer. If the customer cannot be offered a free room immediately it is important to motivate him/her to wait a little bit. In other words, it is better to provide the customer that kind of feeling experience that he/she is a valuable person, even though he/she is a drug dependent.

Cooperating activity

In this activity the customer is concretely a part of service producer's institution. An arrival interview is every time with the customers when she or he begins treatment. The arrival interview with the customer is a discussion with the service provider about the customer's current medication, general health, history of drug use and the rules of the institution which have to be followed carefully. The service provider also enforces "mobile silence", as the customers' mobile phones are taken away and customers are allowed only to use the institution's public telephone. In other words the service provider creates good possibilities for the customer to take care of himself and to manage the withdrawal symptoms without any outside disturbing factors. The institution gives the customer almost normal life in the closed nursing environment (without the freedom to go out). The customer is given an own room, clean clothes, medicine to the withdrawal symptoms, if necessary, the blood tests, food and the different care discussions. Correspondingly the customer must accept the rules of the institution and he or he must give the promise that they will not be during the care season as a violent person and the customers must be ready to take advice and the regulations of the institution. Furthermore, the customer must agree to the personal checking of the body and this is fairly embarrassed to the customer. Feelings of the success in this operation can be too heavy to customer. If the customer has come with the strong motivation, the experiences of the success are that they know no drugs are in the backpack because customers do not bring them if they do want better life.

Awaking activity

The customer in a way wakes to that reality that also she or he has an opportunity to so-called normal life but that it required really hard work and to leave its earlier intoxicant life behind her or him. In other words, she or he will come to the "belief" from that a life can be led also without intoxicants. Particularly the customers will understand that by being without drugs there are a valuable life two weeks already. Thus, the customer is able to concentrate on thinking of own life and future because customer will begin to concretely take care of those matters which have been neglected earlier because a daily chore of drugs acquisition and financing drug use has previously been the primary purpose of everyday life of the customer.

Communicating activity

Customers in the context of detoxification are connected by the same problem, drug dependence, but every one of them has different situations in life. The communicating activity means for the customer is seen as a communicate able individual whose earlier detoxification treatment program experiences will be utilised together with service provider, even though the main object of the detoxification treatment program is only to stop the spiral of drug use. Most customers come from a situation where they have made several earlier attempts at detoxification treatment. In this activity, the service provider and the customer together discussion about that if there are possibilities to relapse after treatment period. Service provider and customer, for example discussion together different education places, apartments or all those things which will support the customer's life when she/he leaves the treatment. In this activity the customer wants to learn to talk and to listen and to discuss without drugs with the nursing staff. It will not be enough that customer can listen and can talk but the customer has to understand the contents of the spoken and written message. Here the close discussions with the treatment person's municipality will be essential support to the customer because the world appears from a quite different one when it is not under the effect of intoxicants.

Changing activity

The customer realizes here the feelings that changes of life are possible and to start to do things better even they a little things. She or he knows that they can maintain their different relationships if they

really make changes as call to the own parents and talk with them. Moreover, many of the customers want to change their social identity and social life which means for example that they want to belong to a group that will support them after the treatment period. They want to start to change their own motivation to find hobbies or other activities instead of using drugs and that will be really important because the customer creates obstacles for the possible relapse after the treatment period. The customers are ready to change the place of residence that she or he would not fall again to use drugs and most of customers quite often will move to the new locality. Most of the customers also change their telephone number after the drug treatment period is ended in which case certain friends do not ring any more to him or her and ask where they can buy illegal drugs. Correspondingly this operates the other way round, in other words there are no telephone numbers of the mediators of illegal drugs for the customer in which case herself or himself cannot buy very easily drugs if she or he wants to get the head out of order fast. The making the diurnal rhythm normal is a really challenging change but valuable to the customer because the life is so difficult if at night it is awake and in the daytime will be slept.

DISCUSSION

There were two study objectives of the present paper: 1) to bring a really exceptional study context along to the value discussions of the marketing and 2) to identify the activities with which the customer produces the value together with the service provider. The bringing of the exceptional context to the business economics makes possible to understand that the economy is a lot other than profit benefits when it is talked about the citizens' welfare. Furthermore, Newman and Vidler (2006, 196-197) state services have to be tailor-made no mass-produced, geared to the needs of users not the convenience of producers. Thus, the patient as the passive recipient of treatment is changing and the role of service provider also changing. For example, most of customers do not have their own computer and as a problem user of drugs have been displaced often that it is not easy to go to use the computer for public places. Thus service provider can help customer to the Internet World by seeking different information together with customer.

In the present the study value activities were identified. Furthermore, the customer encounter requires certain professional competence, so that it will not be enough, that you are a good person you must also to learn listen customer's feelings and understand how difficult it is to the customer to come into the institutional treatment. The measurement of the real value is difficult because it is often the built state of the mind in to the customers. None of us sees inside in customer's head. Service provider can try to think how I would want to understand me in the customer's situation. The professional encounter with the customers in different value activities probably creates those small feelings of the success to the customers but also to the staff. This listing of activities to customer co-creation would be worth for the developing of the professional know-how making use because those small matters are big changes to these problem users of intoxicants. With all these five different activities we have to remember that customer will become for two weeks to the closed department treatment and not to punishment of the drug use.

Maybe it would be better to take account the interaction level in the different five activities as follow: contacting activity as a dyadic interaction level, cooperating activity as a dyadic interaction level, awaking activity as a personal intra – action level, communicating interaction as a dyadic interaction level and changing interaction as a personal intra- action level. Why it would be useful to consider these different interaction level. Maybe the one of reason is that we have to understand we cannot control those activities which are personal level so we have to focus more profoundly on the activities which are the dyadic level interaction. In other words, the customer value co-creation in the health care relationships means that there are little pieces of the value co-creation all over the relationships.

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241. CO-CREATION ORIENTATION OF CUSTOMERS: ITS EFFECTS ON CO-CREATION ACTIVITIES

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Purpose: To develop construct of “co-creation orientation” of customers from a behavioral viewpoint, establish its measurement, and examine its antecedents and consequences through empirical research. We define co-creation orientation of customers as types and concreteness of customer’s goals and their competences and autonomy to participate in co-creation process in either/both ex ante or/and ex post.

Methodology: The first step was field-based qualitative research on MUJI, a manufacturer/retailer of minimal-design, life-style items.. We interviewed more than 30+ top/middle managers who are in charge of main business unit at the headquarters and also 10+ store managers and storefront staff members at different types of MUJI stores in sizes, locations, and product lineups. As the second step, we conducted an online survey on consumers in the Japanese ready-to-assemble furniture market. We tested our theoretical hypothesis by asking customers who have just bought furniture products from three different retail brands – MUJI as well as its main competitors, IKEA and NITORI – and measured their co-creation orientation and related constructs.

Findings: Our empirical results indicate that, although distribution of customers who have high-level “co-creation orientation” are different across the three brands, there are several significant effects of

co-creation orientation on customer's participation in different types of co-production activities, their usage patterns, their outcomes, and changes in their perceived value toward purchased furniture when compared before vs. after co-production and usage.

Research Implications: By bringing new behavioral constructs into extant research in customer experience and value co-creation, we investigate individual differences among customers in participating in different types of co-creation activities and its effects on outcomes such as perceived value, customer satisfaction, and so on.

Originality/Value: Our contribution is to define and bring the new concept of “co-creation orientation of customers” into research on value co-creation, to measure the construct and related other constructs, and to test the hypothesis on their relationships.

256. CUSTOMERS' INSTITUTIONAL ENGAGEMENT: CONCEPTUAL DOMAIN, ANTECEDENTS AND CONSEQUENCES

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Purpose: With the shift to a more interactive business environment, there is a recognized need for institutions to engage customers. While the ‘customer engagement’ concept explicitly designates customers as the focal subject of specific interactions, there is much ambiguity regarding the nature of the engagement object (e.g. brand, event or media). This paper argues for the need to view engagement from a super-ordinate and holistic institutional perspective. We conceptualize, operationalize and investigate the construct of ‘customer institutional engagement’ (CIE).

Method: This study embraces a multi-method, multi-study research design, incorporating more than 1000 participants across three stages of data collection and analysis. Study one investigates the nature and dimensionality of CIE by combining qualitative and quantitative insights. In study two and three respectively, we investigate antecedents and consequences of CIE. A higher education context was selected as customers engage with the institution across multiple touch-points and the engagement concept is becoming increasingly important in this competitive sector.

Findings: We reveal and confirm a three-dimensional perspective of CIE including cognitive, affective and behavioral components, while uncovering related engagement objects. Seeing customers as resource integrators, we shed light on the importance of resource categories for customers' level of CIE. In doing so, we explore a portfolio of organizational resources including human, organizational, informational, physical and relational resources and their respective impacts on CIE components. In terms of outcomes, we examine the impact of CIE on customer cocreation behaviors (Yi and Gong 2012) and show unique effects of the three CIE facets on the value cocreation dimensions.

Originality: This paper advances the discussion on ‘engagement’ in the service literature by demonstrating the need for customer engagement with an institution. We contribute by conceptualizing, operationalizing and investigating nomological relationships of CIE, while helping to better understand the relationship between resource interaction, engagement, and cocreation outcomes.

259. THE ROLE OF MARKETING IN PRODUCT INNOVATION IN DIGITAL ECONOMY

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Purpose: This paper proposes a research agenda for the role of marketing in product design and innovation in the connected digital economy through serving contexts. Serving contexts entails achieving value-in-use with customers in their consumption contexts through the provision of offerings.

Methodology: Serving contexts must necessarily shift the role of marketing to the design aspects of products to meet customer needs and also to the production aspects of products to meet company needs for profitability. Yet, there is a constant tension between these two objectives since the scaling of production and cost efficiencies (for profitability) usually require a standardised product, while meeting customer needs (serving contexts) often require greater personalisation and variety. This implies new forms of innovation, which is increasingly challenging the traditional exchange-oriented approach since products may be potentially (re-)configured dynamically in use environments to serve contexts.

Findings: Centred on value/values, we propose that the role of marketing in design and innovation for future products would lie in designing (1) smart offerings, which entails affordances of dynamically reconfigurable offerings, (re) distributing competences, (2) flexible/reconfigurable transactions and transaction boundaries (2) re-configurable modularity boundaries aligning with transaction boundaries.

Originality: Our paper argues that in the connected digital economy, it is urgent for the marketing community to shift to a paradigm in which value-in-use is central, since market inefficiencies exist for consumers when they have to buy products out of contexts of use. Our paper contributes to the insights into the role of marketing in future product design and innovation to achieve value-in-use by serving consumption contexts. Studying the role of marketing in product design and innovation in the connected digital economy is important because it could result in new business models that are use-outcome-driven, and generate opportunities for new offerings and new markets, be they tangible goods or services (Zott and Amit 2010).

266. RESOURCES-IN-CONTEXT – THE FRAMING APPROACH

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INTRODUCTION

Academic research on resources has long traditions. One of the earliest works on the subject is Malthus' (1798) analysis of world resources. For him 'resources' referred to natural resources that were static and to be captured for an advantage. These kinds of resources were considered scarce and with the increasing population growth estimated to come to an end fairly quickly. However, against all the gloomy predictions the world has not run out of resources. On the contrary, there is more wealth and resources available now than ever before despite of the increasing size of the human population (Ridley 2010). Consequently, resources have come to be viewed very differently in academic research. They are not only considered as static and fixed 'stuff', but also as intangible and dynamic functions of human ingenuity such as skills and knowledge (Zimmermann 1951, Penrose 1959). More importantly, more resources emerge out of existing resources. In other words, resources are not; they become (Zimmermann 1951, Vargo and Lusch, 2004; 2011).

From managerial point of view, understanding how a potential resource (such as a company offering) 'becomes' an actual resource for a customer is highly critical for business success. In other words, the 'resourceness' of an offering must be perceived by the customer before the offering can become relevant in the eyes of the customer. The purpose of the paper is to examine this process of resources 'becoming'. In other words, the paper examines how potential resources get their 'resourceness' for a specific actor. In order to shed light on this process the paper draws from three different streams of literature: S-D logic discussion on context (Vargo and Lusch, 2011; Chandler and Vargo 2011; Vargo and Akaka 2012), the notion of framing (Callon 1998; Mason 2012) and literature on institutional logics (Thornton and Ocasio 2008; Thornton et al., 2012). The paper suggests that context can be seen as an institutional framework that is framing individual actors on multiple 'levels'. Actors are using these partly conflicting institutional orders (with unique set of practices, principles and meanings) as frames to make sense of the 'resourceness' of potential resources in relation to specific resource integration activities.

S-D LOGIC AND THE CONTEXTUAL NATURE OF RESOURCES

Service-dominant (S-D) logic is a converging mind-set that provides basis for reconciling many of the problems caused by the neoclassical economic theory based foundation of marketing thought (Vargo and Lusch, 2004). Vargo and Lusch (2008) argue that the limitations and lack of robustness of this foundation has led marketing to become a fragmented discipline including several sub-disciplines with increasingly separate identities. S-D logic builds on top of these divergent approaches to provide a revised alternative logic for understanding exchange by rethinking the meaning and process of value creation (Vargo and Lusch, 2004; 2008). In order to overcome some of the main paradoxes in marketing, S-D logic is suggesting a transcending concept of service – applying knowledge and skills for other's benefit – to overcome the 'goods' versus 'services' divide in our thinking (Vargo and Lusch, 2004). In addition, S-D logic abandons the different roles associated with 'producer' and 'consumer' in value creation and views all social and economic actors as resource integrators (Vargo and Lusch, 2011). Seeing all actors as fundamentally similar resource integrating actors, enables us to look beyond the conventional categories of actors in order to understand the economic and social actors better.

According to S-D logic, the whole idea of potential resources becoming realized is contextual and each context is unique (Vargo and Lusch, 2011). Hence, in order to understand how resources get their resourceness, we need to understand context better. Due to specialization and the division of labor, people are highly dependent on each other for (applied) resources (Vargo and Lusch, 2004). For this reason, resource integrating actors 'come together' in service ecosystems (Vargo and Lusch, 2011; Vargo and Akaka, 2012), where value co-creation is enabled by reciprocal service provision – applying one's resources for the benefit of another party – and receiving similar kind of service in return. Each actor uniquely integrates resources from multiple sources (private, market-facing and public) through exchange with other actors (Vargo, 2007; Vargo and Lusch, 2011). Thus, as different actors connect with one another, they ultimately join their different networks of potential resources together. For this reason Chandler and Vargo (2011 p. 40) have defined context as "unique actors with

unique reciprocal links among them”. At the micro level, a dyadic interaction (exchange between two actors) frames the integration of resources by each actor. These numerous micro level interactions are nested within broader, meso level and macro level contexts. Hence, resource integration is framed by varying and embedded levels of contexts that evolve over time (Chandler and Vargo, 2011) (Figure 1).

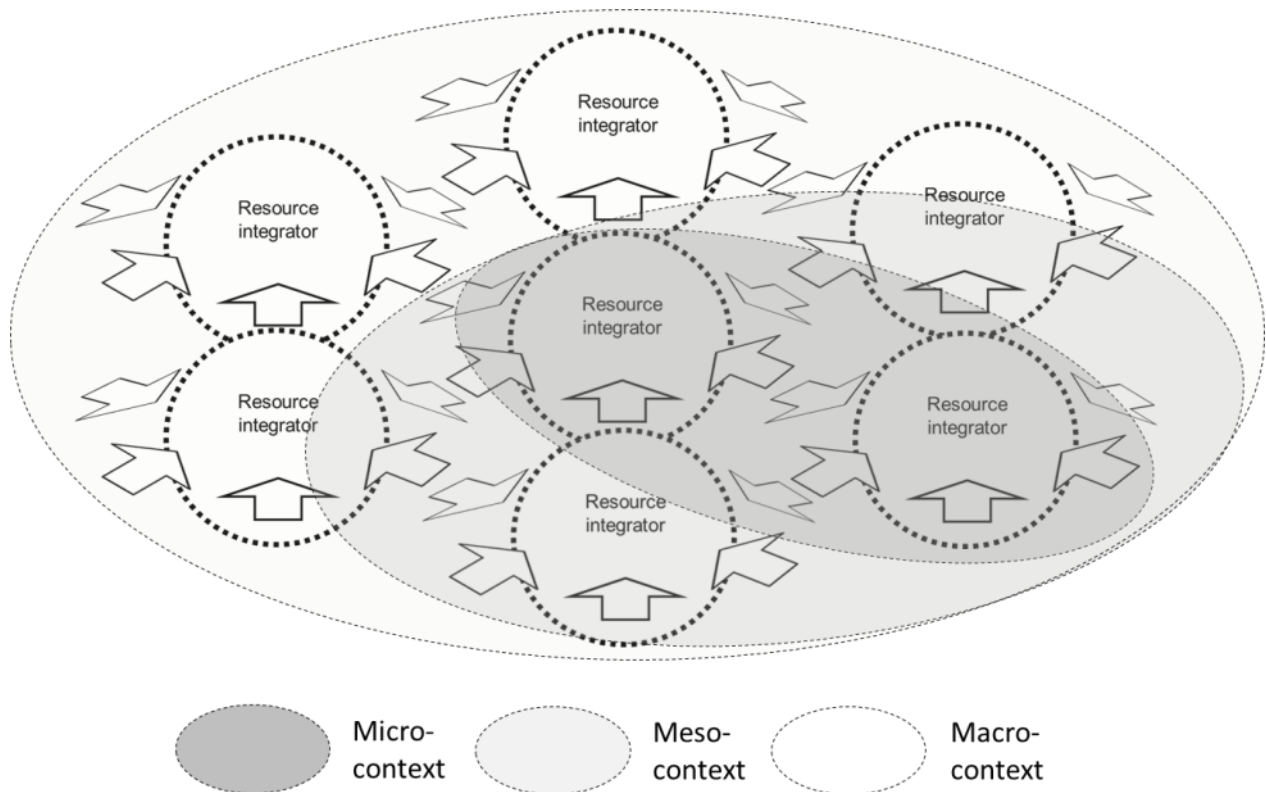


Figure 1. Context frames exchange in micro, meso and macro levels (adapted from Chandler and Vargo 2011).

By defining context this way, it is possible to see how hundreds of actors and links may constitute one specific context, while two actors and link may constitute another context (Chandler and Vargo, 2011). The resources in these contexts will naturally also vary. The actors, links and contexts are complex, because links between the two actors can affect other actors or links throughout the context and beyond a particular context and vice versa (Chandler and Vargo, 2011; Vargo and Akaka, 2012). In other words, resource realization is highly contextual (dependent on connections between actors) as the usefulness of any particular potential resource from one source is moderated by the availability of other potential resources from other sources (Vargo and Lusch, 2011). In order to understand how resources emerge for the actors, analysis on these multiple levels of contexts is needed.

THE PROCESS OF FRAMING

In relation to context, another factor contributing to the emergent nature of resources is the actor's ability to integrate them (Vargo and Lusch, 2011). This ability also changes over time and space due to new connections and resources. To understand the *process* of how resources 'emerge' for individual actor, the notion of framing (Callon, 1998; Callon and Muniesa, 2005; Mason, 2012) is introduced. Framing is an ongoing process (Callon 1998; Kjellberg and Helgesson, 2006) that is essential to our ability to make sense of relationships and events. Everything we know can be argued to be framed (either consciously or unconsciously). When studying the nature of markets Callon (1998) used the notion of framing as a 'calculative device' that enables actors to take action. Calculation starts by establishing distinctions between things or states of the world, and by imagining and estimating courses of action associated with those things or with those states as well as their consequences. In the context of markets, frames about markets provide actors meaning of what a market is (Mason, 2012).

In this paper we argue that framing enables actor's the same way to give meaning to potential resources in order for them to get their 'resourceness' in the eyes' of the resources integrating actors. Day (2002) argues that the pitfalls of the frame/models arise when they are functioning below the level of awareness and therefore cannot be scrutinized and challenged. Then they may become more of a constraining factor than an enabling one. Hence, an important part of framing is tracing of a boundary between relationships and events (factors) which are internalized and included in a decision or by contrast externalized and excluded from it (Callon 1998). After identifying some of these externalities, it is possible to internalize them – in other words reframe the situation. Hence, framing becomes very important in regards of creativity and ability to integrate resources in new ways. To further examine how various frames constrain and enable the creativity of resource integrating actors, the paper draws from institutional logics perspective.

CONFLICTING INSTITUTIONAL ORDERS CONSTRAIN AND ENABLE

According to Kjellberg and Helgesson (2006) multiple conflicting/competing frames exist simultaneously for an individual actor. To understand how the conflicting frames work and enable actor to integrate resources in new ways, this paper draws from the institutional logics perspective (Thornton and Ocasio, 2008; Thornton et al., 2012). Institutional logics are defined as the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality (Thornton and Ocasio, 2008). Hence, the institutional logics perspective examines how actors are influenced by an interinstitutional system consisting of various institutional orders (such as family, religion, state, market, professions and corporation).

Each of these institutional orders distinguishes unique organizing principles, practices, and symbols which differentially shape how reasoning takes place and how rationality is perceived and experienced (Thornton et al. 2012). In other words, institutional logics represent frames of reference that condition actor's choices for sense-making, the vocabulary they use to motivate action and their sense of self and identity. Institutional orders are both enabling and constraining – while actors reproduce behaviors consistent with existing institutional logics they also have the capacity to be creative and thus transform the institutional logics due to their conflicting nature (Thornton et al. 2012). Without multiple competing institutional orders influencing single actor simultaneously creativity in the form of reframing resources would not be possible.

The current paper suggests that the multiplicity of social context, i.e. unique reciprocal interactions among actors (Chandler and Vargo, 2011), can be seen as an interinstitutional system that is framing individual actors on multiple 'levels' (Figure 3).

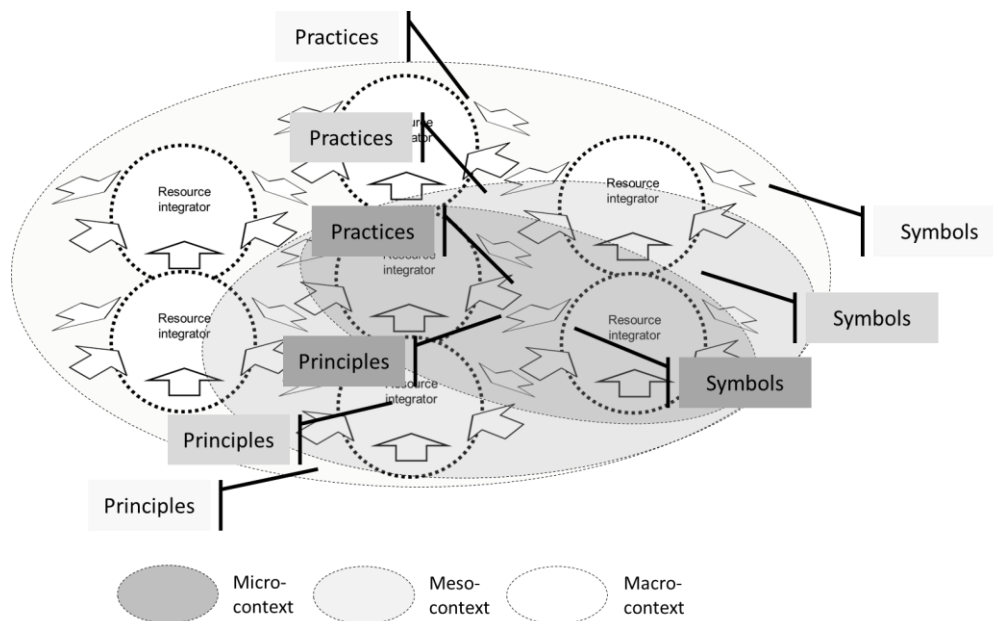


Figure 2. Context on multiple levels as institutional orders frames 'resourceness' of resources.

Each of the unique institutional orders (specific contexts) have unique set of practices, principles and meanings which actors use as frames to make sense of the 'resourceness' of potential resources for specific resource integration activities. In other word, it is the institutional orders that give meanings to resources. For example, due to institutional difference, when I see a flat stone I think of skimming, but for a Hawaiian hula dancer the stone becomes a musical instrument if you combine it with another similar stone. As we get exposed to different kinds of institutional orders (and the practices, principles and meanings related to them), they are bound to get conflicting in parts. It is this conflicting nature of institutional orders that enables creativity as actors can use the different frames to give new meanings existing resources or 'new' resources by relating them to different practices, principles and symbols.

CONCLUSION

The purpose of this early work is to examine how resources get their 'resourceness' by drawing from S-D logic discussion on context (Vargo and Lusch, 2004; 2011; Chandler and Vargo 2011; Vargo and Akaka 2012), the notion of framing (Callon 1998; Mason 2012) and literature on institutional logics (Thornton and Ocasio 2008; Thornton et al., 2012). S-D logic argues that the 'resourceness' of resources depends on the context in which they are embedded (Chandler and Vargo, 2011). This paper suggests that the multiplicity of context can be seen as an institutional framework that is framing individual actors on multiple 'levels'. Actors are using these partly conflicting institutional orders (with unique set of practices, principles and meanings) as frames to make sense of the 'resourceness' of potential resources.

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278. PROCESS ONTOLOGICAL PERSPECTIVE ON CUSTOMER EXPERIENCE

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Purpose: Process ontology argues that the world is made up of processes rather than things. Reality is thus more about becoming rather than being (Langley et al. 2013; Tsoukas & Chia 2002; Whitehead 1929). The purpose of the paper is to introduce process ontology to studying customer experience within service research. The approach of the paper includes the basic principles of process ontology, its suitability and applicability to studying service phenomena as well as implications for research questions and methodologies.

Design/methodology/approach: The paper is conceptual in nature. While process ontology has been adopted by e.g. organization research, it has not been explicitly used in service research. Yet, its focus on evolving phenomena and temporality are in line with recent advances in service research. Social constructionism has already informed notions of how social structures and institutions are continuously reproduced by actors and dialectically impact them in the value configuration space (Edvardsson et al. 2011; Giddens 1984). However, process ontology pays even more attention to temporality and emergence.

Findings: Findings suggest that process ontology is a suitable holistic approach to studying customer experience within service research. It pays attention on dynamic processes and emergence rather than static aspects and taken-for-granted realities. Process ontology has wide opportunities to be applied in studying different areas such as customer experience, service quality and service design.

Originality/value: It has been argued that various research philosophical approaches have not been explicitly discussed in the field of service research (Tronvoll et al. 2011). The paper contributes by exploring a new research philosophical approach, process ontology, to this field. It also compares this approach with the recent social constructionist approaches to service research (e.g. Edvardsson et al. 2011).

283. EXPLAINING THE ENIGMA OF VALUE CO-CREATION: A CLASSIFICATION FRAMEWORK

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ABSTRACT

The concept of value co-creation provides a new perspective in the research in marketing. In the literature we can find plethora of references to the significance of value co-creation and the impact it may have on research, the business practices and the social life. However, we still lack comprehensive frameworks of value co-creation that would help understanding deeply and in a systematic way the dimensions, the characteristics, the methods and the implications of value co-creation. This paper makes a step in this direction by presenting a classification framework for value co-creation. The proposed classification framework is developed in three dimensions that refer to the leading actor in the co-creation process, the activities performed and the scale of customer participation. Value co-creation can be manifested with eight general types along the different kind of activities performed.

INTRODUCTION

The concept of value co-creation refers in general to the active participation of the customer in a variety of activities performed with the support of the service provider, in order to create value collaboratively. Value co-creation has added new dimensions and has influenced largely the contemporary research in marketing, becoming a major research topic, especially in the field of service marketing and management, with several outstanding research efforts being based on it and sponsoring it. Today value co-creation is not anymore restricted to business-to-business collaboration, but it includes also the end user/ consumer. Besides, value co-creation rebalances the focus of interest from the conventional business-oriented approaches (e.g. the unidirectional flow of goods and value from producers to consumers by adjusting, for instance, the marketing mix) to customer-oriented ones (e.g. collaboration with the customer in the different phases of the product life cycle, emphasis on complete solutions for the customer, etc.), reflecting the contemporary spirit of marketing as an 'open' value creation and dissemination procedure.

The emphasis on the customer as a contributor of value provides the foundations for a very challenging new ideology that can produce innovative business models; this can be proven especially true under the influence of certain modern user-oriented technologies, especially the ones related to social networks and mobile services. In the literature we can find plethora of references to the significance of value co-creation and the disruptive impact it may evoke on the business practices, as well as the social life.

The literature portrays value co-creation as a broad and multifaceted concept with regard to the direct or indirect participation of the customer in the process, the different roles, the scope of activities performed and the motivation. However, this multifaceted nature contributes to the vagueness and the enigmatic representation of the term, which, together with its metaphorical use in many cases Gronroos (2011), may cast doubt on its meaning and its potential for redefining the role of the customer and introducing new business models and social practices. When a term becomes too broad and tends to be used to describe or explain almost everything in the behavior of the customer and in the relationship with the provider, then it may run the risk of becoming empty of meaning. This may result also in difficulties in the analysis of value co-creation (Payne, Storbacka and Frow, 2008), in a poor understanding of value co-creation processes and in a lack of methods for the analysis and exploitation of the full potential of value co-creation. For this, it is widely acknowledged in the research community that value co-creation requires further study (e.g. Gronroos, 2012; Spohrer and Maglio, 2010).

This paper aims to make a step in the clarification of the concept and the methods of value co-creation, with the development of a classification framework of the different types of value co-creation described in the literature. The framework distinguishes the major types of value co-creation, the key roles and the activities performed. The framework can contribute to the better understanding of the concept and the methods of value co-creation that can relate the theoretical underpinnings to the value co-creation practices in a systematic way.

The rest of the paper is structured as follows: in section 2 we review the main concepts and practices of value co-creation in the literature. Based on this review, we propose in section 3 a framework for value co-creation and we analyze the types of value co-creation. In section 4 we conclude with the results, implications and directions of future research.

LITERATURE REVIEW

Value co-creation is extensively studied in the service marketing and management literature, usually taking different meanings. In S-D Logic (Vargo and Lusch, 2008) value co-creation is 'a positive condition' and value is manifested as 'value in use' that is always co-created in collaborative networks between the customer and other economic and social actors. Meuter & Bitner (1998), on the other hand, suggest that the degree of user participation can be aligned on a continuum ranging from firm production to joint production and to customer production. Gronroos (2012) suggests that co-creation exists only in the joint activities between the customer and the provider.

In general, the value co-creation processes can be characterized by a variety of factors, such as the identity of the customer (e.g. business, individual, groups, etc.), the roles of the provider and the customer (e.g. initiator, contributor, coordinator, etc.) and the activities the customer performs (e.g. production, design, refinement, finishing, selection, feedback, etc.), the kind of value/ benefit created

(e.g. economic or social value, experience, self-adaptation, etc.), the allocation of value between the actors and other stakeholders (e.g. self, another, the provider, the society), the ways of interaction (e.g. face-to-face, technology-mediated, etc.), the motivation for participation, etc. The review of the literature reveals that value co-creation is basically manifested in the areas of co-production, new product development, individualized marketing methods and integration of resources/ offerings.

Co-production refers in general to the participation of the customer in some phase(s) of the production process, taking the role of a 'partial employee' (Bitner et al., 1997), for the execution of some tasks related usually to the design, the production of the core offering, the assembly, the finishing, the transaction, the delivery or the consumption. Co-production tends to emanate a producer-oriented view of customer involvement (Payne et al., 2008) related mostly to self-service and in general to the direct contribution of labor by the customer (Bendapudi and Leone, 2003). Value co-creation and co-production are related in a nested scheme in S-D logic, with the latter being defined as a way of value co-creation (Vargo and Lusch, 2006). Besides, co-creation is assumed to take place in the usage/consumption stage, while co-production refers to the production process (Etgar, 2008).

In new product development, co-creation is related to co-innovation or open innovation (Chesbrough, 2003), with external actors, such as partners, individual users/ customers and their communities, participating in the innovation process. 'Lead customers/users' (Von Hippel, 2009), especially, can envision uses and needs and help in finding out and developing ways to receive support in attaining their needs.

Individualized marketing refers to adjusting a product/ service prototype, or even re-designing it, to bring it closer to the preferences and needs of the customer. This idea is described in the literature as 'one to one marketing' (Peppers et al., 1999) or 'relationship marketing' (Berry, 1995; Grönroos, 1997). With regard to the role of the customer in these activities for value co-creation, we can distinguish the concepts for customization and personalization. Customization allows tailoring a standardized business offering and making a 'custom' version of it that fits better to the customer on an individual basis (Kotler, 1989). Personalization aims to modify and adapt an offering by adding or enhancing or altering its features to meet better the customer needs (Prahalad and Ramaswamy, 2004). The relationship between personalization and customization is widely discussed in the literature, not always leading to consensus.

Integration refers to the combination of inputs and resources from various origins for the creation of (enhanced) value. Integration is necessary because of the complexity of needs, which cannot be met by atomic resources. In S-D logic (Vargo and Lusch, 2008) all economic activities are based on the integration of resources, competencies skills and specializations; and all economic actors, including the customer, are resource integrators. The inputs may originate from the provider, peers and other stakeholder, as well as they can be self-contribution of the customer himself (e.g. personal skills, possesses resources, etc.).

A PROPOSED CLASSIFICATION FRAMEWORK OF VALUE CO-CREATION

The proposed classification framework of value co-creation is developed in three axes referring to: a) *the leading partner* in the value co-creation process, b) *the domain of the value co-creation*, and c) *the scale of participation*. The leading partner is the partner that has the primary role in the value co-creation process, either by taking the initiative, or setting the scene, or performing most or the more important of the required activities. The scale of participation refers to the existence of bilateral relationship between the provider and the customer, or the existence of a collaborative network comprised of other companies and stakeholders (e.g. peers and communities). The domain of the value co-creation refers to the main types of activity and results that are performed; according to the review of the literature, we distinguish the domains of production, innovation, design and integration.

Fig.1. A Classification Framework for Value Co-Creation

The framework results in the following types of value co-creation that derive from the two basic dimensions, the identity of the leading partner in the value co-creation process and the domain of the value co-creation activity.

In *production* we have two types of value co-creation: ‘self-service’ (provider-oriented) and ‘do-it-yourself’ (customer-oriented). In self-service the customer executes some activities that are normally performed by the supplier, without much freedom to deviate from the procedure and redesign the activities or the outcome. In do-it-yourself, on the contrary, the customer receives input from the provider and he/she transforms it into a valuable outcome, according to his/her preferences and needs. In *innovation* we have ‘new product development’ (provider-oriented) and ‘idea generation’ (customer-oriented). In new product development the customer participates in certain phases of the process, such as testing a prototype, contributing in the production process (e.g. in software development communities) or in marketing activities (e.g. in co-branding). These activities are developed in a framework or setting created by the provider and the customer is required to follow certain guidelines and rules. In idea generation, on the contrary, the customer expresses his ideas, imagination and creativity regarding new products, new features, new processes and new uses or for the improvement of existing ones.

In *design* we distinguish between ‘customization’ (provider-oriented) and ‘personalization’ (customer-oriented). In customization the provider offers a standardized, but modularized product that can be modified in a small range of its features; hence, the customer is free to adjust some limited aspects of the product (the ones decided by the provider) to bring it closer to his/her preferences. In personalization, on the contrary, the customer is quite free to design a new product that meets his/her preferences and needs by modifying even the core attributes of the product in certain cases.

In *integration* we distinguish between ‘packaging’ (provider-oriented) and ‘self-acting integration’ (customer-oriented). In packaging the integration is decided by the provider, who proposes comprehensive solutions, comprised by many separate offerings. In self-acting integration the customer decides for the elements that will compose the offering, sometimes by collecting inputs from a network of providers and other stakeholders, and he may also add proprietary inputs (resources, knowledge skills) and perform activities.

DISCUSSION AND CONCLUSIONS

The paper proposes a framework for value co-creation that serves, first of all, as a systematic overview of the value co-creation concepts and practices that integrates the diverse approaches on this topic. Hence, the framework can serve to better understanding what value co-creation is and how it can be implemented under different situations and for different purposes. In addition, the framework can serve as an orientation map for the companies that intend to develop value co-creation practices or to enrich their business model with additional opportunities for collaboration with the customer; for instance, companies could move from provider-oriented to customer-oriented value co-creation practices or move to other domains of value co-creation, for instance from production to design or integration.

Future research will focus on the development of a methodology for value co-creation processes, how they can be implemented and how the customer can be engaged and participate in them (i.e. roles and actions), as well for the analysis of existing services and business models and possibly the recognition of the reasons they succeed or fail. Examples and case studies of value co-creation practices will support in this direction and will enlighten better the different aspects of the framework.

ACKNOWLEDGEMENTS

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287. THE RIPPLE EFFECT: INTENDED AND UNINTENDED APP EXPERIENCES

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INTRODUCTION

Smartphone apps have emerged as one of the most popular service offerings in recent times. The prevalence of apps can be gauged by the fact that more than 750,000 apps are available for an individual iPhone user through the Apple App store (Monti, 2013). Another illustration of the popularity of apps is the demand for Angry Birds, one of the most successful apps ever; the app is exceeding more than 1.7 billion user downloads (Eriksen and Abdymomunov, 2011). Apart from Apple App Store, Google Play offers more than 1 million apps to users who use android operating system devices such as Samsung smartphones (Victor, 2013).

Apps are developed by firms, as well as individual enthusiasts, who wish to float their business idea through apps. Smartphone apps are a relatively simple and easy to use marketing channel. App developers get app ideas from their own everyday lives, feedbacks from friends and family, as well as from specific requests by companies. Many companies seek to develop apps as an extended platform, in addition to physical and website channels, to offer their services. Examples of such apps are banking apps (e.g. Citibank), airlines apps (e.g. Lufthansa, KLM), and retail chains (e.g. H&M). On the other hand, a large number of apps are developed by individual enthusiasts to address a specific challenge, or provide a niche benefit to the user. An illustration for this is the Runkeeper app that measures the users' running statistics, such as kilometres run, time taken, and then assists in posting the results on social networking sites. Another example is Sing! App, which provides the user the option to Karaoke with randomly paired singing partner around the world. Such apps aim to provide an intended benefit to the user, as envisaged by the app developer during the ideation stage of app development.

Apart from the intended experience of the app, there are several unintended app experiences which the users derive from their apps in innovative ways. These unintended app experiences are not envisaged by the app developers, but are derived by users in their everyday life contexts. Whatsapp, a popular messaging service app, was developed as a personal messenger for contacting friends. Recently, however, a surgical operation was conducted in India using Whatsapp, as the patient couldn't be transferred to a specialty hospital because of shortage of time. The surgeon who performed the surgery, used Whatsapp as communication channel to contact specialist surgeons for instructions in the surgery (Times of India, 2013). Thus, app experiences have both intended and unintended components, which are derived by users in their everyday life contexts. Extant service research has focused on intended service experience components; however, unintended service experience components have received scant research attention.

The purpose of this paper is to explore intended and unintended service experiences of apps in customer everyday lives.

THEORETICAL BACKGROUND

There is an implicit consensus among service researchers that service providers offer value propositions (Vargo & Lusch, 2004; Grönroos & Voima, 2013) and do not create value for the customers. Researchers argue that customers are value creators (Vargo & Lusch, 2008; Grönroos & Ravald, 2011), and they create value for themselves through their service experiences in their own everyday life contexts (Heinonen et al., 2010; Helkkula et al., 2012a). Service research has, however, extensively focuses on the intended service experience components, which are related to the value proposition of the offering (Vargo & Lusch, 2008; Sandström et al., 2008). The one-to-one

correspondence between value proposition - value creation, leads to research on intended service experiences only. As a consequence, service experience components, which are unintended by the service provider, have not been researched adequately.

METHODOLOGY

The paper is a conceptual examination of app experiences in the customers' everyday lives. Analysing extant service marketing literature, the paper proposes an alternate view on service experience research, which highlights the role of unintended service experiences

FINDINGS

This paper argues that customers create value for themselves in their everyday life contexts and thus the final value created by the customer has unintended components (unintended from the service provider's viewpoint). The unintended components can be multiple, and thus are in contrast to the one-to-one correspondence of value proposition-value creation. The paper argues for a many-to-many correspondence between multiple value propositions, multiple service experiences, and multiple value creation. This many-to-many correspondence has service offerings, such as smartphone apps in this paper, as the starting point. This phenomenon of intended and unintended service experiences from a particular service offering is named as the 'Ripple Effect' in this paper.

DISCUSSION

The findings of this paper argue for developing service research further in the service logic spirit by focusing on unintended service experiences in the customer's context. Grönroos (2007) argues that products are vehicles for services; in a similar vein, apps are vehicles of multiple service experiences for the customers. The Ripple Effect phenomenon proposed in this paper, builds on the phenomenological service experience (Helkkula et al., 2012b) and Customer-Dominant-Logic (Heinonen et al. 2010), where the customer's context is argued to be the environment, where a service offering is experienced. As individual customer contexts are subjective and unique, there are several unintended service experience components by different customers with the same service offering. The unintended experience components are often hidden to the service provider, who comprehends only a partial understanding of customer experiences. Figure 1 shows the 'Ripple Effect' phenomenon of intended and unintended service experiences.

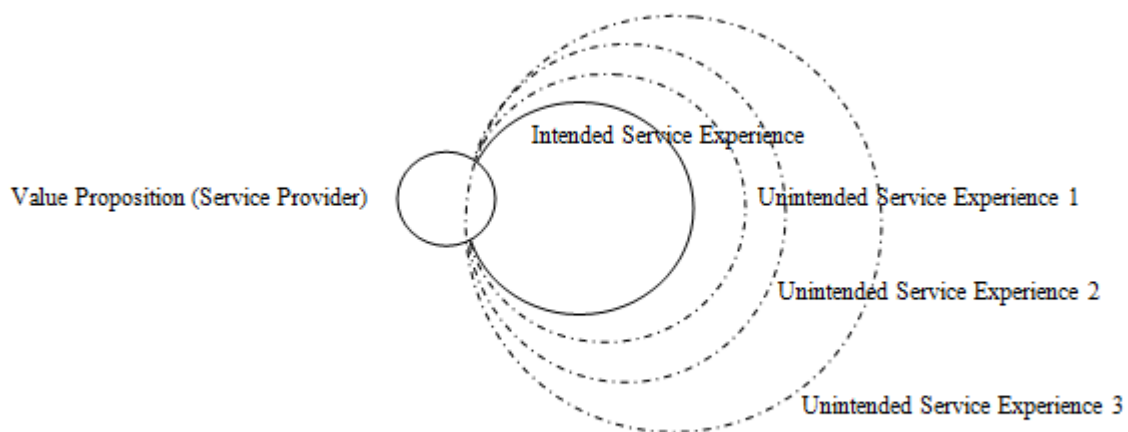


Figure 1: Ripple Effect – Intended and Unintended Service Experience Components

Implications

The findings have tri-fold implications for service researchers, managers and customers. For service researchers, the implications of the paper are that apps are innovative service offerings, and their use experiences reveal the hidden aspects of customers' experience contexts. For service managers, the findings encourage to explore the unintended consequences of their service offerings, in order to fully realise their business potential. Customer implications of the study highlight the sharing of both intended and unintended service experiences of apps by customers on social networking sites, which have an influence on other existing and potential app users.

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340. SERVICE VALUE IN FINE RESTAURANTS: A MODEL.

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INTRODUCTION

Marketing activity for a long time recognizes the importance of measuring quality and value perceived by consumers and the interdependence with satisfaction (Zeithaml, 1988). Relevant marketing benefits result to business activity, translated into consumer loyalty and patronage, justifying concerns with consumer value perception by business managers and its insertion into marketing strategies (Bateson, Hoffman, 1999; Cronin Jr., Brady, Hult, 2000; Holbrook, 1999).

Woodruff (1997) suggested to enrich the consumer value theory by deepening the knowledge in the area of products usage in different situations and exploring the linkage between the consumer preferences for desired value, the received value evaluations, and consumer overall satisfaction feelings. Amongst research directions in the consumer value field, Woodruff (1997) settled the search of a better understanding of how consumers perceive value in different contexts, the criteria they rely on and their relative importance, in such way that consumers retention poses a context question and new methods are needed to collect and analyse data connected to particular issues of consumer value.

Parasuraman (1997) supported these suggestions purposing to broaden the conceptual and empirical research of consumer value on contextual factors, such as the nature of the product being goods or services and the kind of consumer being new or old. Given the construct complexity and richness these studies may be faced as challenges intended to achieve its complete operacionalization and the development of a standard scale able to englobe its nuances.

The problem in this study is the relation among quality, satisfaction and value with behavior intentions in fine restaurants. Additional interest is the influence of involvement on the perception of value. The question to sum up the problem of research: How do consumers perceive quality, value and satisfaction in fine restaurants? How is value perception affected by consumer involvement?

The proposed model is compared to four alternative models to check the structure of causal relations among these constructs.

THEORETICAL FRAMEWORK

Cronin Jr., Brady, Hult (2000) studying the inter-relations among quality, value, satisfaction and consumer behavior intentions verified the need of measurement all these three variables, given their complex and comprehensive effect on behavior intentions. The marketing theory about value perceived by the consumer includes in a relation of inter-dependence quality, cost, sacrifice, satisfaction and has consequences over consumer behavior in terms of attitudes, intentions, spontaneous communication, and loyalty. Value for consumer is growing in importance for academicians and practitioners in marketing sphere over the last two decades, mainly, in the last years.

It's intended to answer these questions through the proposition of a model for measurement of perceived value by the consumer and its relation to quality and satisfaction, and the impact of these constructs over the consumer behavior intentions. The theoretical background from which derive the hypotheses of this work is centered in Parasuraman, Berry, Zeithaml (1985, 1991); Zaichkowsky (1985, 1994); Zeithaml (1988); Cronin Jr., Taylor (1992, 1994); Brown, Churchill, Peter (1993); Engel, Blackwell, Miniard (1995); Holbrook (1996, 1999); Oliver (1997, 1999); Parasuraman (1997); Woodruff (1997); Cronin Jr., Brady, Hult (2000).

METHOD

From the questions put in the introduction to this study, derive the hypotheses to be examined in the research:

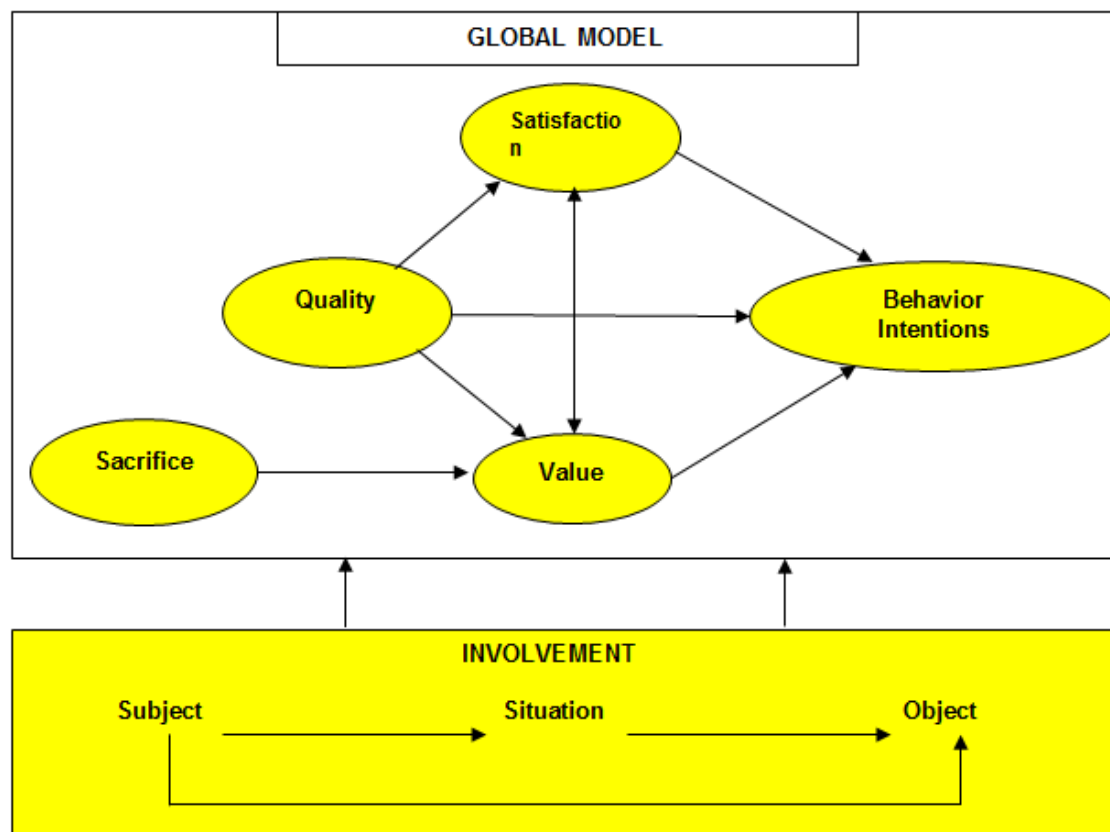
How do consumers perceive value in services ?

H1: Quality, value and satisfaction are inter-related.

H2: Value and satisfaction affect behavior intentions.

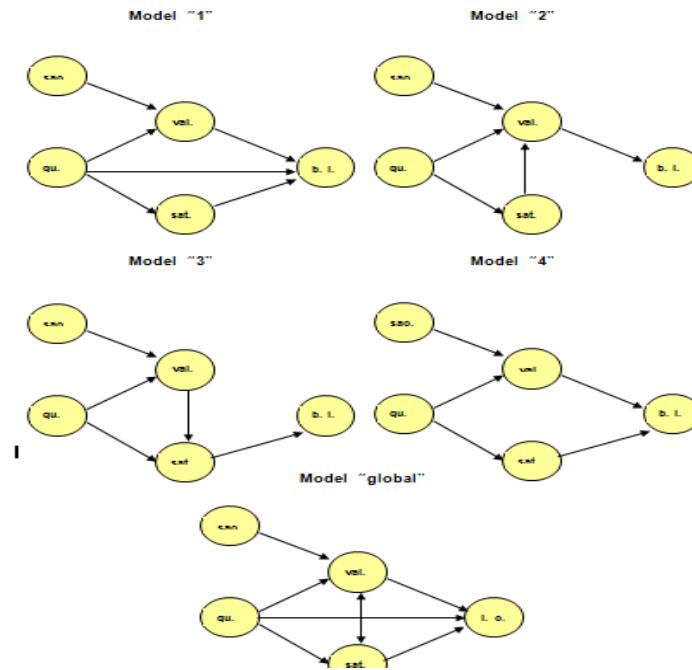
The model is based on performance measurement, involving questions from Cronin Jr., Brady, Hult (2000) for sacrifice (3 scales), service quality performance (10 scales), service overall quality (3 scales), service value (2 scales), satisfaction 1 (5 scales), satisfaction 2 (5 scales), and behavior intentions (3 scales), complemented by questions related to affection (2 scales) from Holbrook (1999), to value-satisfaction-extended value (2 scales) from Oliver (1999), subject involvement with the object and situation (5 scales) from Parasuraman (1997) and Woodruff (1997), and consumer involvement with the object (10 scales) from Zaichkowsky (1994).

The questionnaire was complemented with contributions from a qualitative research with fourteen fine restaurants' managers. The model was already pre-tested in a sample of 30 subjects with the profile of frequent users of fine restaurants.



GLOBAL MODEL

The starting model is based on marketing theory and is the most comprehensive one with all possible direct causal relations supported by theory; it will be designated as “global model”. The others are below:



FINDINGS

Table 1 – Comparative Results Among Models – Regression Coefficients

Regression Coeff. (critical ratio)	Model global	model 1 direct	model 2 value	model 3 satisfaction	model 4 indirect
quality → satisfac.	0,23 (1,8)	0,50 (7,2)	0,46 (6,7)	0,14 (2,2)	0,51 (7,3)
qualit → value	0,69 (4,1)	0,91 (10,1)	0,50 (5,5)	0,9 (9,1)	(10,2)
sacrifice → value	0,37 (2,7)	0,35 (3,5)	0,29 (3,3)	0,4 (3,7)	0,35 (3,4)
quality → be.int.	0,15 (2,9)	0,12 (1,1)	-----	-----	-----
value → be. int.	0,44 (4,8)	0,45 (6,9)	0,71 (13,5)	-----	0,50 (9,7)
satisfac. → be.int.	0,41 (2,4)	0,43 (4,1)	-----	1,14 (9,9)	0,48 (5,3)
satisfac. → value	0,32 (1,0)	-----	0,79 (6,4)	-----	-----
value → satisfac.	0,25 (1,8)	-----	-----	0,43 (7,3)	-----
S.M.C. (R²)					
satisfaction	0,49	0,40	0,32	0,66	0,41
value	0,62	0,58	0,7	0,54	0,58
behavior intentions	0,69	0,68	0,67	0,66	0,68

Source: study data.

Each comparative model presents better the weight from its specific construct in the causal relations among constructs. And this is the point of more remark in the comparison among models, because there is a “trade-off” among constructs according to the model (note bold figures).

So, model of value – “2” – and model of satisfaction – “3” – show higher weight for these constructs respectively, compared to others, but fall in the other variables, which have their weights significantly reduced in the model, or are not even estimated.

It is relevant the occurrence of a relative prevalence of *value* in relation to *satisfaction*, comparing models “2” and “3” – of “value” and “satisfaction” – and in the weights of influence of *quality* on *value* and *satisfaction*, in all the models, and also in the higher weight of the influence of *satisfaction*

on *value* than the opposite (0,79; 0,43), showing that for the sample data, and according to these questions, it is greater the relation of value as a dependent variable of satisfaction than the contrary. For the restaurants the reflex is that quality is essential in the activity of these restaurants and shall be considered carefully in the model in order to translate the concerns of management with its clients' evaluations about the construct which influences consumer perception of global performance in the restaurant, which in turn affect behavior intentions. Also we infer that *value* has more and more greater weight on clients' perception about the service provider performance.

LIMITATIONS

The research has its limitation in the sample of consumers chosen by convenience. Also the restaurants object of evaluations are a limitation which limits its answers to their scope of its kind, its city, its environment and specificities in the industry. The questionnaire, both from the literature sources, as well their weights for each construct must be considered as limitation to the results. These considerations motivate the continuation of this kind of study coping these limitations.

ORIGINALITY

The originality of this work seats in the initiative to comprehend these constructs always basic and relevant for businesses in a scenario like restaurants which is dynamic in ways of competition, strongly related to fluctuation of fashion and waves of trends, and highly situational.

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343. IMPLICATIONS OF CUSTOMERS' LOYAL TOWARDS SERVICE EMPLOYEES VERSUS OTHER CUSTOMERS

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INTRODUCTION

Customers patronize many service places (e.g. health clubs) to drive social (i.e. friendship) and functional (e.g. reduced risk) benefits from their interactions with service personnel (Hennig-Thurau et al., 2002), and other customers (Rosenbaum, 2006). These social and functional relationships are double edged sword because it may keep customers emotionally attached to the service place (Rosenbaum, 2006), but equally, customers may follow their preferred service employee to a competitor (Palmatier et al., 2007). In parallel, relationship (i.e. social and functional) benefits received from other customers may also create additional bonds to the service firm (Rosenbaum and Massiah, 2007). However, service marketers did not explore the possibility of following other customers to a competing firm. The purpose of this paper is to examine the antecedents and consequences of customers' tendency to follow their preferred service employee versus certain customers to other competing firm. In particular, it examines the differential effects of relationship benefits received from certain customers versus favoured employee on the formation of their loyalty towards certain customers (i.e. willingness to follow certain customers to other competing firm) and towards a preferred employee respectively. Lastly, it examines consequences of the identified forms of loyalty on customers' tendency to spread positive word-of-mouth.

THEORITICAL FRAMEWORK

S-D logic acknowledges the role of customers, as resource integrators who make use of all resources (e.g. social resources, information) made available to them by other customers, and service employees (Vargo and Lusch, 2008). According to Grayson (2007), commercial relationship is built on both

instrumental (i.e. functional) and intrinsic (e.g. emotions) orientations. This classification is supported by several empirical studies (e.g. Reynolds and Beatty, 1999). Social benefits refer to the emotional aspect of the relationship as reflected in many distinctive features such as "personal recognition of customers by employees, the customer's own familiarity with employees, and the creation of friendships between customers and employees" (Dagger and O'Brien, 2010: 1634). Functional benefits refer to advice, information and help received by customers, resulting in convenient error-free service experience (Beatty et al., 1996).

Different forms of loyalty: loyalty towards service employees and other customers

According to Arbore et al. (2009), customer loyalty is formed on two related levels: collective level (i.e. loyalty to the firm) and interpersonal level (i.e. loyalty to the key contact service person). The discriminant validity was supported between these two forms of loyalty in prior research (Palmtier et al., 2007). Customers' loyalty towards a service employee, refer to "behaviours that signal the motivation to maintain a relationship specifically with the focal service employee" (Palmtier et al., 2007: 186). It was concluded by prior research that loyalty towards the salesperson is more substantial than other forms of loyalty (e.g. loyalty towards store) (Reynolds and Beatty, 1999). The extant literature illustrated that customers could form friendship ties with other customers and this might be their main reason behind patronizing a particular service place (Rosenbaum and Massiah, 2007). Accordingly, it is expected that customers could form loyalty bonds towards certain customers. This term is identified in this paper as "customer-to-customer loyalty." It is conceptualised as behaviours that signal customers' interest in maintaining relationship with certain customers.

Research Hypotheses

The social facilitation theory (Zajonc, 1965) indicates that the presence of others is likely to provoke feelings and emotions that may hinder or facilitate tasks or activities performed by customers during the service (Tombs and McColl-Kennedy, 2003). In line with resource exchange theory (Foa, 1971), customers are likely to appreciate resources received from others and in turn, reciprocate by sharing resources with those they believe the source of the benefit (Chan and Li, 2010). Accumulated empirical evidence showed that customers may feel indebted not only to those provided them with resources but also to the medium of exchange such as a service place (Rosenbaum, 2008) or an online community (Dholakia et al., 2009). Rosenbaum (2008) demonstrated how social benefits acquired from other customers drive their satisfaction with the firm. Social benefits (e.g. recognition) are likely to make customers feel important and subsequently, enhance their satisfaction with the service experience (Butcher et al., 2001). Dholakia et al. (2009) asserted that functional benefits received from interactions with online community are likely to enhance one's ability to use the service. Thus, these benefits are likely to increase the chances of satisfactory service outcome.

H1: There is a positive relationship between relationship benefits (a. functional, b. Social benefits) received from other customers and customers' satisfaction with the selling firm.

Relationship marketing theory suggests that personal ties between customers and service personnel are likely to drive their satisfaction with the service (Butcher et al., 2001). Han et al. (2008) pointed out that with a better customer-staff relationship, staff are more committed to the service quality and satisfying their customers. Price and Arnould (1999) found that customers' perceptions of their commercial friendship with the hairdresser are associated with their satisfaction. Hennig-Thurau et al. (2002) empirically illustrated that confidence (i.e. functional) benefits received from service employees, are likely to increase customers' satisfaction with and loyalty towards the firm.

H2: There is a positive relationship between relationship (a. functional, b. social) benefits received from a service employee and customers' satisfaction with the selling firm.

According to social exchange theory (Blau, 1964), reciprocity takes place towards the party from which benefits were received. This suggests that receiving social and functional benefits from a service employee may motivate customers to form loyalty intentions towards a particular service employee. According to social judgement theory, customers decode consistent actions and behaviours of a particular service person over time to form their perceptions and attitudes about him/her and

consequently, their personal loyalty towards him/her (Arbore et al., 2009). Prior research showed that social benefits received from a service worker have positive impact on customers' loyalty towards him/her (Plamatier et al., 2007). Dholakia et al. (2009) showed that social and functional benefits received from other online community members encouraged customers' to perform behaviours that signal their intention to maintain relationship with other customers (i.e. helping other customers).

H3: There is a positive relationship between relationship benefits (a. functional, b. social benefits) received from a service employee and employee-owned loyalty.

H4: There is a positive relationship between relationship benefits (a. functional, b. Social benefits) received from other customers and customer-to-customer loyalty.

According to the social exchange theory (Blau, 1964), satisfied customers are likely to reward the selling firm by engaging in positive word-of-mouth (WOM) (Gruen et al., 2006). It is well established in the extant literature that customers' satisfaction is negatively related to customers' intentions to switch or change the selling firm (Bansal and Taylor, 1999). In parallel, it is expected that customers' satisfaction with the selling firm is likely to increase customers' perceived cost when they decide to leave the company to follow a preferred service worker or certain customers.

H5: There is a positive relationship between customer satisfaction and positive word-of-mouth.

H6: There is a negative relationship between customer satisfaction and employee-owned loyalty.

H7: There is a negative relationship between customer satisfaction and customer-to-customer loyalty. Prior research illustrated that feelings associated with salesperson (Adrobe et al., 2009) and other customers (Rosenbaum and Massiah, 2007) could be transmitted to the selling firm. Reynolds and Beatty (1999) found that customers' loyalty towards a salesperson is positively related to their loyalty towards the selling firm. However, Adrobe et al. (2009) found the exact opposite that personal loyalty towards a service worker is negatively related to their loyalty towards the selling firm. This inconsistency can be explained on the grounds of customers' response to the presence and absence of the preferred service employee. The latter is likely to create a conflict of interest because customers have to make a choice between staying with the same selling firm or following their favourite employee.

H8: Employee-owned loyalty is negatively related to positive word-of-mouth.

H9: Customer-to-customer loyalty is negatively related to positive word-of-mouth.

METHODS

Health clubs were chosen as a research context of this study. Unlike services that require brief customer-service provider interactions (e.g. retail banking), health clubs would enable the study of interactions among customers and service employees. Ten to twelve exploratory interviews were conducted with GYM members and trainers to gain insights into different levels of loyalty. A total of 203 valid self-administrated questionnaires were collected via the means of a snowball sample. The study's measures were adapted from well established scales in the prior studies. To accomplish "differential or close replication" (Lindsay and Ehrenberg, 1993), equivalent scales were used in the two relationship contexts (i.e. customer-to-customer/service employee). *Social benefits* (5 items), was adapted from Gwinner et al. (1998), while *Functional benefits* (4 items), was operationalized using a scale borrowed from Reynolds and Beatty (1999). *Personal loyalty towards other customers or a service employee* (5 items) was slightly modified and adapted from Plamatier et al. (2007). *Customer satisfaction* and *positive word-of-mouth* were measured by scales adapted from Bettencourt (1997) and Bove et al. (2009) respectively. A seven-point Likert scale was adapted in this research.

RESULTS

All the study's measures were first factor analyzed and then subjected to confirmatory analysis using SMART PLS. Cronbach's alpha, composite reliability and AVE tests were satisfactory. Unlike social and functional benefits received from other customers, social and functional benefits received from a service worker correlated very highly ($r = 0.67$). Based on ten explanatory interviews with five trainers and five customers, it was concluded that conversations between customers and their personal trainers may incorporate the two forms of benefits. It was decided to model relationship benefits received from a service worker and other customers, as second order construct(s) with two reflective dimensions (i.e. social and functional benefits).

TABLE 1: The Structural Model

	Beta	t-value	R²
Relationship benefits/other customers → Satisfaction	0.03	0.749	18.1%
Relationship benefits/service employee → Satisfaction	0.40**	4.494	
Relationship benefits/other customers → C-to-C loyalty Satisfaction → C-to-C loyalty	0.30**	3.179	14.2%
	-0.23**	1.857	
Relationship benefits/ service employee → Trainer-owned loyalty	0.40**	5.546	19.7%
Satisfaction → Trainer-owned loyalty	-0.18	1.549	
C-to-C loyalty → WOM	-0.19**	2.340	41%
Trainer owned loyalty → WOM	0.32**	4.673	
Satisfaction → WOM	0.51**	5.649	

DISCUSSION OF RESULTS

Over than a decade, marketing scholars have been interested in examining and comparing implications of customers' formed loyalty towards the firm versus the favoured service employee (Plamattier et al., 2007). The tension between these two forms of loyalty escalates when the favoured service employee moves out to another competing firm. It is not clear from the extant literature if this tension could also occur when certain, favoured; customers move to another competing firm. How does this form of loyalty differ from customers' personal loyalty towards the service employee? To achieve this objective, a conceptual framework was developed to examine the relative similarities and differences, in terms of antecedents and consequences, between two forms of loyalty: employee-owned loyalty (i.e. willingness to follow a favoured service employee) and customer-to-customer loyalty (i.e. willingness to follow certain customers to a competing firm). In terms of antecedents and consistent with social exchange theory, the results demonstrated that relationship benefits received from other customers and service employees contributed in the formation of employee-owned loyalty and customer-to-customer loyalty respectively. In addition, customers' satisfaction with the selling firm was found to reduce their loyalty towards other customers but not their loyalty towards a favoured service employee. In terms of consequences, the results showed that customers' personal loyalty towards other customers reduced their tendency to spread positive WOM, while their personal loyalty towards a favoured employee enhanced their tendency to engage in positive WOM. Although Oliver (1999) advised companies to work on strengthening customer-to-customer relationships, by creating "a village of customers," as a way to guarantee their loyalty towards the selling firm, the results showed that there might be a dark side of this C-to-C relationship. One possible explanation to this result that customers' dependence on other customers to get functional and social benefits could be misinterpreted as an inadequate service quality. As a result, they may punish company by reducing their tendency to recommend this company

to others. Further, the results showed that active engagement of service employees with customers to supply them with needed social and functional benefits is likely to enhance their feelings of satisfaction and improve their tendency to recommend the company to others. The cross-sectional nature of this study requires further replication by the future studies in different service contexts. More qualitative insights need to be gained about the dynamics and implications of customer-to-customer loyalty.

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